

UNIVERSITY of KENTUCKY  
HOSPITAL COMMITTEE RETREAT  
June 11, 2007

MEMBERS

Ms. Barbara Young  
Ms. Mira Ball  
Ms. Myra Tobin  
Mr. Billy Wilcoxson

COMMUNITY ADVISORY  
MEMBERS

Mr. Luther Deaton  
Ms. Pam Miller

ADVISORY MEMBERS

Dr Michael Cibull  
Mr. Murray Clark  
Dr. Michael Karpf  
Dr. Richard Lofgren  
Dr. Jay Perman  
Dr. Karen Stefaniak

GUESTS

Mr. John Armitstead  
Dr. Joseph Berger  
Mr. Jay Blanton  
Ms. Ruth Booher  
Dr. Ned Bowe  
Dr. Tim Bricker  
Ms. Penny Brown  
Dr. Rae Brown  
Ms. Sharon Butts  
Mr. Steve Byars  
Ms. Teresa Centers  
Ms. Sandra Chambers  
Ms. Paula Chipko  
Mr. Joe Claypool  
Dr. Joseph Conigliaro  
Mr. Harry Dadds  
Mr. Zed Day  
Mr. Ed Erway  
Dr. Brenda Fahy  
Dr. Jef Ferguson  
Dr. Don Gash  
Mr. Pete Gilbert  
Mr. Bill Gombeski  
Dr. Lori Gonzalez  
Mr. Darrell Griffith  
Ms. Ann Haney  
Dr. Wendy Hansen  
Mr. James Hardymon  
Mr. Tom Harris

Dr. Richard Haug  
Dr. Lon Hays  
Ms. Courtney Higdon  
Dr. Roger Humphries  
Dr. Raleigh Jones  
Ms. Barbara Jones  
Dr. Jennifer Joyce  
Dr. Jane Kirschling  
Dr. Gerald Klim  
Ms. Janice Marks  
Dr. Samuel Matheny  
Mr. Marc Matthews  
Ms. Pamela May  
Mr. Sergio Melgar  
Mr. Dan Miesle  
Dr. David Moliterno  
Ms. Vicki Myers  
Ms. Amanda Nelson  
Dr. Kevin Nelson  
Ms. Sandy Patterson  
Dr. Marc Randall  
Dr. Ken Roberts  
Ms. Ann Smith  
Mr. John Steiner  
Dr. Carol Steltenkamp  
Dr. Kumble Subbaswamy  
Dr. Phil Tibbs  
Dr. Sharon Turner  
Ms. Karla Ward  
Ms. JoEtta Wickliffe  
Mr. Russ Williams  
Ms. Kim Wilson  
Mr. Bob Wiseman  
Dr. Ernest Yanarella  
Dr. Byron Young  
Mr. Jim Zembrodt  
Dr. Jay Zwischenberger

I. CALL TO ORDER

The meeting was called to order at 8:00 a.m. by Ms. Barbara Young. The minutes were reviewed and approved.

Dr. Karpf began the meeting with a context for the audience of where UK healthcare has been, where it is going now and what it has to be planning for. He noted that the UK medical center was initially established to create access to care and to serve a critical health care need. Since that time, and especially over the past 10-15 years, it has transformed itself into a mature academic medical center. It has moved from

being a relatively small medical center to being a medical center sized in the top quartile of teaching hospitals in the country. UK HealthCare has seen this growth because of the engagement and commitment of its faculty, the development of its subspecialty programs and through the definition of a geographic strategy which partners with community providers supporting the health care system for the Commonwealth.

## II. UK HEALTHCARE – A CASE STUDY PRESENTED BY TOM ROBERTSON

Mr. Robertson presented a case study and observations about the recent growth and development of UK HealthCare and its clinical enterprise. He discussed the value to the organization of higher complexity cases and their centrality to the mission of most academic medical centers. He discussed whether UK's growth was diluting its mission to treat the sickest of patients in Kentucky. He reviewed a number of strategies that could impact the case severity of the patients seen by UK HealthCare, including transfer cases, patients at a distance, specialist referrals, re-engineering specialty clinics and intra-market systems. He observed that from a cost perspective, UK is doing well at managing costs. He noted that contracts could be improved. Coding and documentation looks good overall with a few exceptions. The payer mix at UK has maintained steady through the growth period with no big shifts. Of note and needing further evaluation were the changes in the ED admit growth patterns.

## III. STRATEGIC UPDATE

Dr. Tim Bricker presented the strategic planning update. He reviewed the progress of the establishment of the virtual network through outreach activities. He also reviewed in detail the UK HealthCare market impact by geographic region. He presented trend data on UK payer mix and compared those with the other Lexington providers. He reviewed in detail each of the strategic initiatives' key accomplishments and FY2008 goals. The committee made a motion and approved the strategic goals for 2008.

## IV. VOLUMES AND HOSPITAL FINANCIAL REPORT

Sergio Melgar presented the Hospital Financial Report for the close of fiscal year 2007 and the budget FY 2008. He noted the importance of this time in the growth trend for UK HealthCare as a time when we are working now to right size our organization to make sure our expenses are appropriate. For the 2008 fiscal year we are projecting a decrease in volume at Chandler. The facility is too full right now and too inefficient. In contrast, we are targeting Good Samaritan to double its census this year. Investment income has been very good this year and is budgeted at 6% for FY 2008. Operations are targeting \$27M for the combined UK Chandler and Good Samaritan Hospitals for a total bottom line of \$45 million.

Mr. Melgar reviewed a number of risks that exist in achieving our financial goals including managing FTE reductions and the transitional period of integrating Good Samaritan Hospital into the organization. The committee made a motion and approved the budget for FY2008.

V. CASH FLOWS

Mr. Melgar then presented the building project cash flows and assumptions behind the future projections. As he reviewed the projections he discussed the project as it is today in contrast with what it was when it was originally planned. The growth of the organization has demanded this evolution to the project and the cash flows must continue to support those plans.

VI. BUILDING PROJECT REPORT

Mr. Clark presented an update on the building project to the committee reviewing the phasing of the project and the major decision that will come to the committee in September—whether to add two additional floors during construction to the bed towers. He reviewed the capacity constraints as they exist today and those that could still exist when the new building is complete. The decision could potentially delay the construction of the operating rooms by one year. He and others will work with faculty over the summer to determine if OR's now are worth the long term impact of two additional bed floors in the facility.

Mr. Wiseman noted that the Board of Trustees will act tomorrow on the inclusion of a \$250 million request for legislative authority as part of UK's Capital request this fall.

A motion was made and the committee approved a renovation in the hospital necessary to bring online additional licensed beds in the NICU.

Mr. Clark also reviewed other projects underway within the organization to help highlight their progress and to also point out that appropriate investment in the existing facilities is occurring.

VII. COLLEGE OF MEDICINE UPDATE

Dr. Jay Perman presented to the committee the accomplishments of the college for the past year. He also highlighted the recruitment of Dr. Jay Zwischenberger to chair the Department of Surgery and Dr. Marc Randall to chair the Department of Radiation Medicine. He reviewed the improvements in the medical school applicant pool as well as the accomplishments in educational curriculum development. He also recognized Dr. Susan McDowell as the new assistant dean for graduate medical education. Dr. Perman also presented the research achievements for the college including the growth in grants and contracts for the year. Dean Perman concluded his update focusing on clinical services and his focus with organizational leadership on customer service—specifically his 'nice' campaign. He also began to define the near term focus and attention that will be paid to redefining ambulatory operations governance and management with the reorganization of KMSF and the recruitment of a Chief Operating Officer. Mr. Pete Gilbert concluded the COM update with a review of the college's budget for FY2008.

VIII. QUALITY AND SAFETY REPORT

Dr. Rick Lofgren presented the quality and safety report to the committee. In FY2007 we experienced improved performance on both the Core Quality Measures and the National Patient Safety Goals. We also achieved accreditation from JCAHO; improved management with inpatient hyperglycemia, and defined process improvement or standardization projects. He presented the goals for FY2008 which included continued improved performance on Core Quality Measures and National Patient Safety Goals, assessing and addressing overall mortality rate, and continuing the Lean Healthcare Initiatives. The committee approved the goals for FY2008.

IX. COLLEGE OF PHARMACY BUILDING PROJECT

College of Pharmacy building project report was presented by Dean Roberts. He outlined in detail the plans for the building by floor and noted this significance of this building in ensuring the plan for the academic health sciences campus of the future moves forward. Dean Roberts highlighted the increasing enrollment and academic achievement of each matriculating class of pharmacy students. He also reviewed the development of Clinical Education Centers and presented an update on the progress of Coldstream Laboratories, formally called the Center for Pharmaceutical Science and Technology.

X. COLLEGE OF DENTISTRY

Dean Turner presented the committee with an update on the College of Dentistry. She reviewed the faculty and staff composition and its numerous awards and development programs. She presented the committee with an overview of the educational programs and student body within the college including application rates, scholarships awarded, and notable academic achievements. She reviewed the student and faculty practices as well as the UK Dental Care program. She described the outreach activities of the college including the mobile dental vans and Seal Kentucky program. She reviewed the total research dollars obtained by the college and the numerous collaborative research efforts underway. She outlined briefly the alumni affairs and development programs within the college and described the DICIS project underway to replace their existing dental information systems. She concluded her presentation with an overview of the college's budget and financial situation.

XI. MEDICAL STAFF REPORT

Dr. Michael Cibull presented the Medical Staff report. The committee made a motion and approved his report.

XII. OTHER BUSINESS

There being no other business, the meeting adjourned at 4:40pm. Attendees were invited to gather in the balcony area for a reception following the meeting. The next meeting is scheduled for Monday, September 10, 2007