

Minutes of the University of Kentucky Board of Trustees
Healthcare Committee Retreat
June 10, 2013

The University of Kentucky Board of Trustees Healthcare Committee met on June 10, 2013 at the Keeneland Race Track in the Keene Barn for their annual retreat. A total of 141 people were in attendance that included the University Health Care Committee members, Community Advisory Members, additional Board of Trustee members, University of Kentucky and UK HealthCare senior leadership, guests, and members of the media. The meeting was called to order and by Barbara Young, Chair of the University Healthcare Committee, at 8:02am.

A. ATTENDANCE

University HealthCare Committee Members: Barbara Young, Bill Britton, Dr. Keith Gannon, Dr. Charles Sachatello, and William Farish, Jr.

Additional University of Kentucky Board of Trustee Members: C. B. Akins, Sr., Shelia Brothers, Mark Bryant, Stephen Bilas, Bill Gatton, Kelly Holland, Terry Moberly, and Roshan Palli.

University Healthcare Committee Advisory Members: Robert Clay, Mira Ball, and Luther Deaton.

Ex-Officio Members of the University HealthCare Committee: President Eli Capilouto, Dr. Michael Karpf, Dr. Frederick de Beer, Dr. Bernard Boulanger, Dr. Colleen Swartz, and Dr. Stephen Strup

B. APPROVAL OF MINUTES

Minutes from the May 13, 2013 meeting were presented for approval by Chair Young. The minutes were approved unanimously.

C. UKHC STRATEGIC PLAN UPDATE

Dr. Michael Karpf, Executive Vice President for Health Affairs, discussed the Strategic Plan for UKHC.

- As healthcare evolves UKHC must continue to focus on their strategy, stay cost competitive, and be committed to quality, safety and patient satisfaction.

- UKHC must continue to expand their geographic reach by partnering with organizations not only in Eastern and Southeastern Kentucky but expand to our reach to Northern Kentucky, Ohio, West Virginia, Western Kentucky and Tennessee.
- We must continue to strive to become the clinical destination for Kentucky and beyond and help support rural health care by collaborating closely with community providers. We have to continue to provide a broad range of advanced subspecialty care so that Kentuckians don't need to travel outside Kentucky for medical care.
- In FY13 discharges have grown over 86% since FY03. Over the last 10 years we have grown from a 25th percentile teaching hospital to a 75th percentile teaching hospital.
- Our brand has been dramatically enhanced by new construction and numerous awards.
- Dr. Karpf discussed potential and current relationships in West Virginia and the Beyond Blue Corporation. Beyond Blue was established to for development and coordination of health care programs conducted outside the Commonwealth of Kentucky. It allows out of state activities without compromising the Universities' sovereign immunity or subjecting it to regulation by other states. Initial focus will be on physician services that support a defined core of subspecialties.
- In addition to West Virginia, Dr. Karpf reviewed relationships in Louisville, Southern Indiana, Ohio, Northern Kentucky, Tennessee, Western Kentucky, Eastern I-54 Corridor, Eastern Kentucky, and Southeastern Kentucky. He discussed specific relationships and initiatives with Norton Healthcare, St. Elizabeth Healthcare, St. Claire, Our Lady of Bellefonte, Kings Daughters, ARH and Pikeville Medical Center.
- Locally, UKHC has extensive relationships with Harrison Memorial, Frankfort Regional, Clark Regional, Georgetown Community and Ephraim McDowell.
- UKHC continues to gain market share in our primary market in Lexington. FYQ1 market share was 41.7%, up from 26 % in FY04. Other hospitals in our area continue to lose market share during the same time period.

D. TRANSFORMING THE DELIVERY OF COMPLEX CARE

Mr. Tom Robertson, University Healthsystem Consortium's (UHC) Senior Vice President of Business Strategies and Tactics, discussed the specifics of ACOs and the risks associated. He noted that ACOs are often referred to as "population management". Mr. Robertson presented costs surrounding different populations and the underlying causes for variation. He reviewed the differences in the managed care of

individuals with terminal illness. Based upon the data, costs are greatly reduced by being placed in palliative care early in the illness. Mr. Robertson discussed the importance of maintaining relationships. He stated that protecting referrals is essential. Population management is a convenient rationale for market consolidation. Real population management is about more efficient episodes of complex care. Populations don't spend money, sick people do. Organizations must build a network to protect referrals, re-engineer complex care episodes to save money, and beware of confusing the two.

E. COST STRUCTURE TARGETS

Ann Smith, Chief Administrative Officer, discussed UKHC's cost structure and cost performance.

- UKHC turnover rates are higher in June and July due to graduations and the end of the academic year. UKHC compares turnover to the rates of other AAMCs.
- Changes are continually monitored in cost structure.
- We are expanding the productivity model (HPPD Process) into areas traditionally considered as non-volume driven personnel such as supplies and non labor.
- There are opportunities in the supply chain for improvement based upon comparisons. At some point there will not be any additional costs to cut. Healthcare systems will differentiate on service not cost. Quality and service are what Medicare pays for.

F. QUALITY AND SAFETY TARGETS

Dr. Bernard Boulanger, Chief Medical Officer, reviewed UKHC's quality and safety targets for the next year.

- Value is the link between quality and cost. The definition of value is excellent quality and patient outcomes at an affordable cost.
- UKHC's goal is to be a national leader in quality of care.
- Dr. Boulanger reviewed the FY2013 Enterprise Goals for Mortality, Effectiveness, Safety and Length of Stay.
- UKHC's Mortality Index for FY13 O/E (Observed/Expected) ratio was 0.74. The current mortality rating of 0.74 ranks us 11/100 based upon data from UHC. In 2012, we were ranked 26/101.
- Dr. Boulanger discussed readmission rates that ranked us (all causes) at 17/100 in 2013. In 2012, we were ranked 6/101.

- UKHC will focus on 10 core measure in FY14. These include acute myocardial infarction, pneumonia, Surgical Care Improvement Project, heart failure, pneumococcal immunization, inpatient ED arrival to ED departure time, outpatient ED arrival to ED departure time, admit decision to ED departure time and children's asthma care.
- UKHC's Enterprise LOS (Length of Stay) Index, ranks us in the top 20 of our UHC full members. Our goal is to be in the top 10. (Target of 0.96)
- Dr. Boulanger reviewed the FY 2014 Enterprise Goals in mortality, effectiveness, patient safety, efficiency, patient centeredness and work environment.
- Our vision is to become a nation leader in quality of care and to meet or exceed our enterprise goals. This can be achieved by alignment, empowering the clinical care providers to drive change, transparency and culture.
- On May 22, 2013, the Quarterly Report on Quality was presented in Pavilion A to a record number of UKHC Faculty, Staff, and Board of Trustee members. Internal awards were given out to employees that made a difference in quality and safety at UKHC. Copies of the report given at the meeting were included in the University Health Care Committee meeting materials.

G. PATIENT CENTEREDNESS

Dr. Colleen Swartz, Chief Nursing Executive, gave an update on the patient centeredness current state at UKHC.

- Many patients come to UKHC in a critical state. We want them to be able to trust us to take care of their needs.
- Dr. Swartz reviewed the stoplight reports for patient centeredness. GSH (Good Samaritan Hospital) has seen a tremendous improvement since FY12 Q4 in the HCAHPS by Discharge Date. Many areas went from red to UK blue on the stoplight chart. UKHC has opportunities for improvement with inpatient behavioral health scores.
- The goals color coding represents comparison to our UHC peers. UKHC compares themselves to others providing the same type of critical care. UKHC routinely hits the top 5% of centers. CNS looks at UK HealthCare as a whole but data is broken down by hospital and by even floor. Survey instruments used now are very accurate.
- Specifically, the Children's Hospital bar is very high, the Emergency Department has a separate instrument of measurement and an area of focus is to improve the care in the ED.
- She also discussed UKHC's journey in patient satisfaction in areas such as Hospital Domain, where UKHC went from being a 6th UHC percentile performer to 61st UHC percentile performer.

Ratings for areas such as Responsiveness of Hospital Staff, Hospital Environment, and Communication with Nurses have also seen a dramatic improvement since FY10.

- Dr. Swartz discussed the recent Employee Engagement Survey.

H. UHHC CLINICAL PERFORMANCE

Dr. Richard Lofgren, UHC's Senior Vice President and Chief Clinical Officer, discussed UKHC's Clinical Performance, rankings and answered questions from the board.

- Dr. Lofgren reviewed the Quality and Accountability Domains
- Value Based Purchasing
- Coding Data
- Faculty Practice Activity

I. 2014 ENTERPRISE GOALS

The board voted to endorse the 2014 Enterprise Goals on mortality, effectiveness, patient safety, efficiency, patient centeredness and work environment. Ms. Young made a motion to accept the goals and it was approved unanimously.

J. FY BUDGET & 5 YEAR PROJECTIONS

Murray Clark, Chief Financial Officer, presented the FY 2014 Budget, FY 2014-2018 Financial Projection and Financial Plan.

-Chair Young asked the UKHCC for a vote to accept the FY14 Budget. The motion was carried and approved. Dr. Charles Sachatello asked to go on record as stating that it would be hard to budget without knowing the impact of healthcare reform.

Chair Young asked for a vote to endorse FCR 6 (Repair/Upgrade/Improve Air Handling Units at GSH), and FCR7 (Patient Care Facility Project/Fit-up Eighth Floor and Pharmacy). Motions were made and carried on both actions. However, Dr. Sachatello stated that he couldn't vote for the new patient floor and it needed to wait another year.

K. KAUFMAN HALL REPORT

Jason Sussman from Kaufman Hall gave the Committee a report on Evaluating UK HealthCare's Plan in the Context of Healthcare Reform.

L. EASTERN STATE HOSPITAL

Dr. Allen Brenzel and Dr. Peggy Stephens gave an update to the Committee regarding UKHC's management of ESH (Eastern State Hospital).

- They discussed the dramatic improvement in care for the patients
- The Regional Coverage for ESH
- Showed pictures of the new facility and discussed new programs that would be available to the patients.
- Discussed a timeline for opening

M. PRIVILEGES AND APPOINTMENTS

Dr. Stephen Strup presented the Committee with a list of credentials and privileges. Chair Young asked for a vote and the list was approved unanimously.

N. DISMISSAL

Seeing no other business, Chair Young adjourned the meeting at 4:41pm