

Minutes of the University Health Care Committee
University of Kentucky Board of Trustees
Friday, September 11, 2020

The University Health Care Committee of the Board of Trustees of the University of Kentucky met on Friday, September 11, 2020, via Zoom Webinar.

A. Meeting Opened

Barbara Young, chair of the University Health Care Committee, called the meeting to order at 8:30 a.m. Chair Young asked Leigh Bays Donald to announce the members present.

B. Roll Call

The following members of the University Health Care Committee were in attendance: David Melanson, Frank Shoop and Barbara Young; Community Advisory members Robert Clay, Luther Deaton, John McNeill, Nick Nicholson and Kevin Sowers.

Ms. Donald announced a quorum was present.

The meeting was live-streamed to the UK HealthCare community.

C. Approval of Minutes

Chair Young stated that the minutes of the June 19, 2020 meeting had been distributed and asked for a motion. Trustee Melanson moved approval and Trustee Shoop seconded the motion. The motion carried without dissent. (See meeting minutes on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda".)

D. Executive Vice President for Health Affairs Report

Executive Vice President for Health Affairs Mark F. Newman, MD, thanked everyone for their support during what he referenced as a roller-coaster ride. Dr. Newman stated that FY20 began as a strong year. During the first few months of the Fiscal Year, UK HealthCare began receiving Medicaid Directed Payments that helped support UK HealthCare's ability to take care of the Medicaid population. Following those payments, UK HealthCare moved forward, with the support of the Board, the purchase and installation of a new electronic health record. Dr. Newman stated that UK HealthCare has had a number of challenges, including a cyberattack and the COVID-19 crisis. These have impacted and placed stress on UK HealthCare's staff, faculty and the people of the state of Kentucky. Dr. Newman reported that UK HealthCare has nearly rebounded from the challenging months that required furloughs, closures and cancellations. In addition to the new option for telehealth visits, ambulatory patient volumes have returned to normal after a phased reopening. He emphasized the importance of the telehealth program and that it continues to grow despite the ability to return to in person visits in the clinics.

All furloughed employees who want to return to work have been called back. Many

of UK HealthCare's non-clinical employees continue to work from home. Managers consulted non-clinical employees regarding their remote positions and developed a playbook to guide these arrangements. Dr. Newman discussed additional support for employees created through a partnership with the YMCA to launch a new child care center for school-aged children and reported that the COVID-19 Support Fund had received more than \$500,000 in monetary donations and more than \$250,000 of in-kind contributions. He reported the current COVID-19 patient census was currently as high or close to record numbers. These patients have a high acuity and require additional oxygenation support. High acuity and additional support also means additional staffing and increased manpower.

Dr. Newman previewed the UK HealthCare 2025 Strategic Plan and stressed the importance of the resources needed in order to move forward. In addition he reported, 1,200 staff and faculty members participated in diversity and inclusivity training hosted by UK HealthCare's Diversity and Inclusivity Council. The Council will develop a cadence for future meeting and topics.

UK HealthCare continues to partner with hospitals across the state and reinvent patient care through innovation. Staffed with a team of specially trained nurses and physicians, the new Enhanced Care through Advanced Technology Intensive Care Unit (eCAT ICU) is the only facility of its kind in Kentucky. It uses advanced surveillance technology to monitor critical patients and interpret algorithms. The new technology has been instrumental in caring for COVID-19 patients by allowing them to communicate with their families during isolation.

Dr. Newman announced the 5th floor of Pavilion H will be home to the neuroscience service line and has an estimated completion date of June 28, 2022.

E. Electronic Health Record Update

Chief Information Officer Cecilia Page, DNP, RN reported the installation is on time despite having to shift the workforce to a remote work arrangement. During the last year, hiring; onboarding and the design phase have been completed. Initial testing has begun and the team has pivoted the Epic curriculum to a virtual platform. Dr. Page reported that the system installation is nearing completion and is undergoing application testing with a go-live date of June 5, 2021. 12,515 build tasks have been completed. She stated that the project is currently under budget due to careful planning and consideration of labor, and pivoting to a virtual learning platform.

F. Financial Update

UK HealthCare FY20 June and July Key Performance Indicators

Vice President for Hospital Operations Colleen Swartz, DNP and Chief Physician Executive Jay Grider, DO, discussed the operational results for FY20 June and July. Due to closures, ambulatory numbers were down and below budget in prior months, but Dr. Swartz indicated that things have begun to rebound. Dr. Swartz stated that key performance indicators are measures of volume and intensity of care. Case mix index (CMI) is a metric of severity of illness. During the months of June and July, the UK

HealthCare CMI was .15 higher than budgeted which indicates a higher severity of illness among UK HealthCare patients. She also stated that the length of stay (LOS) is an important measurement of success. From a financial perspective, a lower LOS is better because it means lower cost. FY20 June closed with approximately 40,000 discharges. Even with the closures from COVID-19, UK HealthCare closed the end of the year only approximately 3,800 patients behind in discharges. The Emergency Department was approximately 9,500 cases behind the budget for the year. FY21 July continues to rebound and like June, saw an increase of complexity of care that challenges UK HealthCare's staffing resources.

Chief Financial Officer Craig Collins reviewed the Enterprise total margin by month for FY20. UK HealthCare ended FY20 at \$299.9 million dollars and approximately \$28 million less than the revised budget. He discussed the COVID-19 impacts on UK HealthCare's financial results. Mr. Collins stated that in March and April, UK Healthcare experienced a negative operating margin as the COVID-19 pandemic began. Since April, UK HealthCare has rebounded and adjusted to a new business as normal. UK HealthCare also received Health and Human Services funds that have helped financial results and absorbed some of the loss of revenue during that time period. UK HealthCare has recognized the Medicaid Directed Payments in full during FY20 due to the activities of Vice President for Health System Mark D. Birdwhistell and his team. Mr. Birdwhistell and his team worked closely with state and federal services to receive these payments. Mr. Collins stated that a major revenue contributor continues to be pharmacy. Investment income year-to-date was approximately \$2.8 million less than projected.

Mr. Collins reported that UK HealthCare continued to rebound in FY21 July with a net income of \$53.5 million and total operating revenue of \$20.4 million greater than budget. Key contributors to the increase in revenue were exceedingly high dollar cases and an increase in CMI. Favorable personnel expenses and investment income revenue also contributed to the favorable \$3 million outcome for FY21.

FCR 3 Approval of Lease

The recommendation seeks approval to authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease for the Barnstable Brown Diabetes Center for UK HealthCare. UKHC recommends leasing space located at 2195 Harrodsburg Road, Lexington, KY from the Kentucky Medical Services Foundation. The leased space will comprise approximately 18,745 square feet with an annual rent not to exceed \$600,000 to be funded with agency funds. Chair Young asked for a motion to recommend approval of FCR 3. Trustee Melanson moved approval and Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 4 Approval of Lease

The recommendation seeks approval to authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease for Family and Community Medicine for UK HealthCare. UKHC recommends leasing space located at 2195

Harrodsburg Road, Lexington, KY from the Kentucky Medical Services Foundation. The leased space will comprise approximately 18,420 square feet with an annual rent not to exceed \$600,000 to be funded with agency funds. Chair Young asked for a motion to recommend approval of FCR 4. Trustee Melanson moved approval and Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 5 Approval of Lease

The recommendation seeks approval to authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease for the Psychiatry Outpatient Clinic for UK HealthCare. UKHC recommends leasing space located at 245 Fountain Court, Lexington, KY from the Kentucky Medical Services Foundation. The leased space will comprise approximately 28,331 square feet with an annual rent not to exceed \$860,000 to be funded with agency funds. Chair Young asked for a motion to recommend approval of FCR 5. Trustee Melanson moved approval and Trustee Shoop seconded the motion. The motion carried without dissent.

FCR 7 Renovate/Improve Nursing Units – UK HealthCare (Pavilion H 3rd Floor Behavioral Health) Capital Project

The recommendation seeks approval to initiate the estimated \$6,000,000 capital project authorized by the 2020 Kentucky General Assembly to relocate Adolescent Behavioral Health from Good Samaritan Hospital to Albert B. Chandler Hospital. The relocation will better align services with those provided at the Kentucky Children's Hospital. This project will provide modifications and safety upgrades to a space that was previously used as a behavioral health unit. Trustee Melanson moved approval and Trustee Shoop seconded the motion. The motion carried without dissent.

G. Privileges and Appointments

President of the UK Medical Staff Fred Zachman, MD, presented the list of credentials and appointments for approval. Chair Young called for a motion to approve the list of providers. Trustee Shoop moved to approve the list. Trustee Melanson seconded the motion, and it passed without dissent.

H. Other Business and Adjournment

Chair Young called for new or other business that needed to be brought before the University Health Care Committee or questions for the presenters. Trustee Shuffett inquired about the patients in the neonatal intensive care unit and if the increased volumes are related to the number of COVID-19 patients. Dr. Swartz responded that UK HealthCare has been doing a good job of keeping patients in Kentucky who have been going out of state otherwise. Hearing no further business, the meeting was adjourned at 9:38 a.m.

Respectfully submitted,

Barbara S. Young
Chair, University Health Care Committee

(FCR 3, FCR 4, FCR 5 and FCR 7 are official parts of the Minutes of the meeting)