

University of Kentucky Board of Trustees
University Health Care Committee
September 10, 2015
4:00 pm-5:30 pm
Center of Excellence in Rural Health
Hazard, KY

I. Call to Order

The University Health Care Committee of the UK Board of Trustees was called to order by Interim Chair Robert Vance at 4:31 p.m.

II. Roll Call

Committee Members present: Jim Booth, Bill Britton, Bill Farish, and Robert Vance.

Community Advisory Members present: Jean West, Nick Nicholson, and Robert Clay.

III. Approval of Minutes

Minutes from the June 18, 2015 meeting were presented for approval by Trustee Robert Vance. The minutes were approved unanimously.

IV. Welcome from Congressman Hal Rogers' office

Karen Kelly from Congressman Hal Rogers' office thanked the committee and guests for their support of Operation Unite and asked that the members continue to stay involved in the effort. Ms. Kelly also thanked the committee for their support of Shaping Our Appalachian Region (SOAR) and discussed the need for high speed internet in the region. She gave an example of need by discussing the UK HealthCare Blue Angels program. This program allows UK HealthCare high risk obstetric physicians in the Lexington area to remotely view live ultrasounds in the rural areas of Kentucky. This technology saves the lives of unborn children and mothers that might have otherwise not been able to receive the critical consultation.

V. Shaping Our Appalachian Region

Jared Arnett, Executive Director of SOAR, also thanked the committee and university leadership for their support of the SOAR program. Mr. Arnett discussed that SOAR was founded because of the need for support and assistance to the Appalachian Region. Poverty and lack of job opportunities due to a decrease in coal mining are two of the biggest problems that face the area. SOAR's mission is to expand job creation, innovation, and improve the quality of life the area. SOAR is co-chaired by Congressman Hal Rogers, Governor Beshear, and is partnered with the University of Kentucky, UK HealthCare, and numerous organizations throughout the State of Kentucky. Mr. Arnett discussed some of the projects that have been inspired by SOAR. These programs include but are not limited to: grants, high-speed internet, low interest home and farm loans, job training, and education programs.

VI. Appalachian Regional Healthcare and UK HealthCare

Dr. Michael Karpf began the discussion by reviewing the long history between UK HealthCare and the rural areas of Kentucky. He explained that the founders' goals were to address the need for physicians in Kentucky and to address the rural gap relating to distribution of physicians in rural areas. Dr. Karpf stated Governor Albert B. Chandler's concern was for the health and welfare of all Kentuckians. UK HealthCare recognizes their role in providing healthcare to all of Kentucky.

Dr. Fran Feltner from the UK Center of Excellence in Rural Health presented the research and education programs offered at the center. The center is located in Hazard, Kentucky and was established to address health disparities in rural Kentucky. It currently employs 162 faculty and staff and serves as a host site for other programs. In fiscal year 2015, the center and clinical arm has received more than \$4.5 million in grant funding. The center hosts the following University of Kentucky education programs: East Kentucky Family Medicine Residency, Medical Laboratory Sciences, Physical Therapy, and Social Work. Dr. Feltner explained the importance and impact of all the education programs and discussed that many of the programs are created out of the need for skilled labor in a specific area in the region. She gave a specific example of a coal miner that graduated from a program after losing their job in the mines.

Joe Grossman, CEO of Appalachian Regional Healthcare (ARH), discussed the history of ARH in the region. ARH has an operating budget of \$600 million and operates 10 hospitals in rural Kentucky. They are the largest employer in the region with almost 5,000 people with annual payroll and benefits of \$297 million that is generated into the local community. Active clinical partnerships with UKHC include: oncology, cardiology, neurology, OB/GYN, ophthalmology, and other shared services. Mr. Grossman stressed the need and importance for the partnership with UK HealthCare to help supplement the care needed by the residents of rural Kentucky. UK HealthCare provides specialty and sub-specialty care in areas that ARH does not and cannot offer. Mr. Grossman stated that not only does UK HealthCare partner with ARH to provide care by providing physicians and clinics but also assists with nursing education and training. He discussed the need to keep the patients close to home and provide the care seamlessly. UK HealthCare helped ARH establish the ARH Docs call program by handling over 600 calls per day. Mr. Grossman gave examples of how the partnership with UK HealthCare has saved lives.

Dr. Karpf further discussed the partnership with ARH and UK HealthCare and the benefit to patients by keeping them close to home. The partnership also benefits ARH and UK HealthCare by providing opportunities to explore new management services partnerships.

VII. Financial Update

Murray Clark reviewed the statistical summary for the year ended June 30, 2015. He stated that the financial results will be released following the year-end audit. The year end results, however, are consistent with the financial trends that the system has experienced throughout the year.

Inpatient Discharges for the year were both above budget and the prior year. Total discharges of 37,043 exceeded budgeted discharges by 702 and the prior year by 1,863. Adult discharges of 30,404 exceeded the budget by 1,379 and the prior year by 1,593. Children's discharges of 4,537 were below budget by (447) but exceeded the prior year by 207. Neonatology discharges of 719 were (181) under budget but 15 greater than the prior year. Psychiatric discharges of 1,383 were below budget by (49) but exceeded the prior year by 48.

The year-to-date occupancy rate for the combined facilities was 84.39%, which is 6.3% above budget. Occupancy year-to-date at Chandler was 91.44% for adults, 65.85% for children and 84.65% for Neonatology. Good Samaritan occupancy was 75.52% for adults and Psychiatric occupancy was 52.8%. The occupancy includes a daily average of 68 patients awaiting a bed in a holding location primarily at Chandler.

The YTD average length of stay was 6.78 compared to a budget of 6.41, an increase of 0.37 / 5.7%. The increase in LOS is in the adult and psychiatric services. There has been an overall increase in case mix in the Hospitals for the year. The case mix has increased from a budget of 1.8658 to 1.9270 or 3.28% and from prior year of 1.9055 or 1.13%. At Chandler, the case mix for the year was 2.1089 which was nearly 6% above budget for the year.

Patient days in the system were 18,239 more than budgeted and 22,551 higher than the prior year. The increase in patient days as compared to budget is driven largely by the increase in LOS per case.

Inpatient Activity Summary: Discharges for the year finished at nearly 2% above budget and 5.3% above the prior year. The increase was driven by an increase in adult discharges. Primarily driven by an increase in Medicine Patient discharges.

Observation cases are above budget for the year by 1,241 cases and above the prior year by 1,249. This increase in observation cases has been consistent since the Medicare rules changed in October 2013 which moved cases from inpatient admissions to observation cases.

Total visits for the Emergency Departments were 101,395. Visits are above budget by 13,181 / 14.9% and above the prior year by 10,249 / 11.24%. Chandler ED cases totaled 74,241 exceeding budget by 6,908 / 10.26% and the prior year by 7,184 / 10.71%. Good Samaritan ED cases of 27,154 exceeded budget by 6,273 / 30.04% and the prior year by 3,065 / 12.72%.

Inpatient operating room cases of 15,083 exceeded budget by 1,038 / 7.4% and the prior year by 506 / 3.5%. Outpatient cases of 16,117 exceeded the budget by 377 / 2.4% and the prior year by 43 / 4.8%. Total cases of 31,200 exceeded budget by 1,414 / 4.7% and the prior year by 1,249 / 4.2%. The operating room hours of 70,900 have increased 2.8% as compared to the prior year.

Outpatient cases with a hospital charge totaled 479,782 for the year compared to a budget of 446,926 or 32,856 / 7.4% above budget and exceeded the prior year by 51,200 / 11.9%. The increase in activity in the Hospital cases is consistent with and driven by a similar increase in the number of visits in the ambulatory clinics.

FTEs per adjusted occupied bed for the year are below budget but somewhat higher than the prior year. In total, however, FTEs have increased to support overall activity.

As has been discussed throughout the year, the payor mix of discharges has changed from the prior year due to the increase in the state's Medicaid enrollees. Medicaid discharges increased from a budget of 33.7% to 38.6%; the prior year percentage was 31.4%. The converse is the case in the Patient / Charity classification, which has dropped from historical levels of 12.0% to only 1.7% of discharges this year. Medicare discharges were higher than the prior year, whereas commercial / other discharges are even with last year.

A. FCR 6 Renovate/Upgrade UK HealthCare Facilities (Phase 1-F/I-G) Capital Project

FCR 6 Renovate/Upgrade UK HealthCare Facilities (Phase I-F/I-G) Capital Project was presented for approval. The motion was made by Trustee Farish and seconded by Trustee Britton to approve FCR 6. The motion carried without dissent.

VIII. Privileges and Appointments

Dr. Karpf introduced Robert "Bo" Cofield as UK HealthCare's newly appointed Chief Clinical Operations Officer. Dr. Cofield presented the list of privilege and credentialing requests. The committee made a motion to accept the privileges and credentials brought before them. The motion carried and was approved without dissent.

IX. New Business

The committee had no new business brought before them.

X. Adjournment

Interim Chair Robert Vance adjourned the meeting at 5:23 p.m.