

Minutes of the University of Kentucky Board of Trustees
Healthcare Committee
December 16, 2013

The University of Kentucky Board of Trustees Healthcare Committee met on December 16, 2013 in conference room 127 of the Charles T. Wethington, Jr. Building. The meeting was called to order and by Barbara Young, Chair of the University Healthcare Committee, at 4:00 pm.

A. ATTENDANCE

University HealthCare Committee Members: Chair-Barbara Young, James Booth, William C. Britton, Dr. Keith Gannon and William S. Farish, Jr.

Additional University of Kentucky Board of Trustee Members: Dr. C.B. Akins, Sr., Mark Bryant, Jo Hern Curriss, Kelly Sullivan Holland, James Stuckert, & Dr. John Wilson

University Healthcare Committee Advisory Members: Mira Ball, Robert Clay, Luther Deaton, Nick Nicholson and Myra Leigh Tobin

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

Guests: Sarah Bentley, Mark Birdwhistell, Shannan Carroll, Murray Clark, Joe Claypool, Dr. Michael Dobbs, Leigh Donald, Dr. Don Gash, Clifton Iler, Susan Krauss, Kristi Lopez, Shea Luna, Eric Monday, Dr. Kevin Nelson, Dr. Cecilia Page, Margaret Pisacano, Dr. Marc Randall, Brett Short, Ann Smith, Bill Thro, Dr. Tim Tracy, and Dr. Craig van Horne.

B. APPROVAL OF MINUTES

Minutes from the September 9, 2013 meeting were presented for approval by Chair Young. The minutes were approved unanimously.

C. ACTION ITEMS

The Health Care Committee had 2 action items. FCR 17 concerned the renovation of the Department of Medicine Clinic located in the original section of the Kentucky Clinic Building. FCR 18 concerned a request for funds to initiate the design phase for the Good Samaritan Emergency Department. Both FCR

17 and FCR 18 were approved by the Health Care Committee and were passed on to the Finance Committee.

D. PARKINSON'S DISEASE TRANSLATIONAL RESEARCH PROGRAM AT UK

Drs. Craig Van Horne and Don Gash presented an overview of the translational research program for Parkinson's Disease at the University of Kentucky. The collaborative clinical and laboratory research has lead to greatly improved symptoms for Parkinson's Disease patients. The program includes 6-8 patients that receive peripheral nerve tissue followed deep brain stimulation. The procedures are low cost, straight forward, and FDA approved. The program has significantly helped reduce symptoms after patients have been taken off their medications. Early clinical responses show encouraging data.

E. NEXT PHASE OF BUILDING PROJECT

Dr. Michael Karpf, Executive Vice President for Health Affairs, presented a report on the next phase of the building project. It includes the fit up of Pavilion A and the renovation of Pavilion HA/ Kentucky Children's Hospital. The Chandler Hospital's master plan provides for step by step replacement of the original Chandler buildings so that over time the Markey Cancer Center, Gill Heart Building, Pavilion HA and the new Pavilion A will house all the Chandler Hospital facilities. Thus far, Phase 1A (new patient care facility), 1B (addition of 9 operating rooms, etc), 1C (data center), 1D (patient floor 8 and central pharmacy), and 1E (Clinical Decision Unit) are complete, under construction or in the design phase. However, as demand for services continues to grow, Chandler Hospital must plan for the future. Dr. Karpf discussed the need to move forward with the next phase of development. Phase 1F includes the replacement of outdated facilities. The replacement includes rooms and bathrooms, the 66 bed NICU, cafeteria/kitchen, and other outdated infrastructure in Pavilion H which was built in 1962. In preparation of this modernization, Dr. Karpf will ask the state for \$150 million in bonding authority to undertake this project. Dr. Karpf concluded his presentation by stating that this current \$150 million project is just the start of an ongoing multi-year effort to finish out the new patient care and other hospital facilities in response to demand for more capacity. Over the next 4-5 years, UK HealthCare must determine just how big that the Albert B. Chandler Hospital needs to be. Consideration must be given to the effects of the Affordable Care Act, cash on hand and demand for our services.

F. REPORT ON QUALITY

Dr. Bernard Boulanger, Chief Medical Officer, presented the report on quality. UK HealthCare has been recently recognized by several national organizations. The Joint Commission recognized UK HealthCare

as a Top Performer on Key Quality Measures for 2012 in children's asthma, heart attack, heart failure, pneumonia, and surgical care. University HealthSystem Consortium (UHC) recognized UK HealthCare as #1 in Nursing Care for HCAHPS (patient satisfaction) scores in Q4 2012. This represents a 19.08% increase. One of the more prestigious awards received was UHC's Rising Star Award presented to UK HealthCare for finishing with a rank of 12th among the nation's leading university health systems. UKHC's Quality and Accountability performance scorecard received 4 out of 5 stars from UHC. Performance related to core measures (mortality, effectiveness, efficiency and patient centeredness) is at a high level. Attention will continue to be focused on Patient Safety Indicators (PSIs) to reach our goals.

G. FINANCIAL REPORT

Murray Clark, Chief Financial Officer, presented the October 2014 Financial report. He reported that the level of activity for inpatient discharges is well below budget and somewhat below the prior year. The case mix and length of stay is up which creates an increase in patient days and leading to significant occupancy problems at Chandler. Outpatient activity is above last year but slightly below budget. FTEs are up but in line with the higher activity. The payor mix is stable. The income statement shows that in spite of fewer discharges, inpatient revenue is \$3.6 million higher than budget and significantly higher than last year. This is due to a higher case mix and a significant number of high cost cases. Outpatient revenue is 1 million higher than budget, primarily driven by increased clinic activity. Net revenue exceeds the prior year by \$16 million. Net income from operations for the month is \$6.1 million and the year-to-date operating margin is \$26.7 million. On the balance sheet cash and cash equivalents for October totaled \$66.7 million consisting of \$54.4 million in unrestricted cash and \$12.3 million in restricted funds. The financial median analysis indicates days of cash on hand have improved slightly from last year, operating margin and EBIDA exceeded target, debt to capitalization has improved slightly since year end and cash to debt has improved.

H. PRIVILEGES AND APPOINTMENTS

Dr. Kevin Nelson presented for approval the current list of privileges and credentials. The Health Care Committee made a motion to accept the privileges and credentials brought before them. The motion carried and was approved by the committee.

I. DISMISSAL

Seeing no other business, Chair Young adjourned the meeting at 5:34pm