

Minutes of the University Health Care Committee
University of Kentucky Board of Trustees
Tuesday, December 13, 2022

The University Health Care Committee of the Board of Trustees of the University of Kentucky met on December 13, 2022, in the Harris Ballroom of the Gatton Student Center.

A. Meeting Opened

E. Britt Brockman, chair of the University Health Care Committee (Committee), called the meeting to order at 9:15 a.m.

B. Roll Call

The following members of the University Health Care Committee were in attendance: E. Britt Brockman, Ray Daniels, Ron Geoghegan, David Melanson and Hollie Swanson; Community Advisory members Jennifer Barber, Luther Deaton and Josh Proffitt.

C. Approval of Minutes

Chair Brockman stated that the minutes of the September 15, 2022 meeting had been distributed and asked for a motion. Trustee Melanson moved approval, and Trustee Geoghegan seconded the motion. The motion carried without dissent. (See meeting minutes on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda".)

D. President's Report

President Eli Capilouto commented that the last five years had been a period of remarkable and sustained growth for UK HealthCare. He remarked that UK HealthCare is treating and healing more patients than any other time in history and partnering with providers and others throughout the Commonwealth to keep the best of care close to home for those who need it.

President Capilouto reiterated that with the Board's leadership, the acquisition of King's Daughters Health System in Ashland was likely the largest transaction in the institution's history and a move that will expand UK HealthCare's care and reach.

President Capilouto discussed a new role for Executive Vice President for Health Affairs Mark F. Newman, MD. He stated that Dr. Newman will serve as University Advisor for Health Care Innovation and Growth beginning January 1, 2023, and thanked Dr. Newman for his service and leadership over the last five years. President Capilouto yielded the floor to Dr. Newman for remarks.

Dr. Newman summarized UK HealthCare's accomplishments over the last five years. He acknowledged and thanked all those that he had worked with and remarked that he hopes he can continue to be of service in his new role.

E. Cancer and Advanced Ambulatory Complex Update

Chief Operating Officer Pete Gilbert introduced Markey Cancer Center (MCC) Director Mark Evers to discuss UK HealthCare's mission to become a National Cancer Institute (NCI) designated Comprehensive Cancer Center.

Dr. Evers thanked the Board for their support and announced that the external advisory board for MCC's NCI site visit was on site and was amazed by the support of the university. Dr. Evers was joined by the External Advisory Board Chair George Weiner, MD. He stated that Dr. Weiner was from the University of Iowa and was instrumental in helping them obtain their Comprehensive Status.

Dr. Evers spoke about challenges faced by Kentuckians with the Commonwealth ranking number one in both cancer incidence and mortality. He detailed plans and vision for the Markey Cancer Center and the importance of the new outpatient facility coming before the Board for approval.

FCR 13 Construct Ambulatory Facility-UK HealthCare and Construct State Street Medical Facilities – UK HealthCare (Cancer Treatment Center/Ambulatory Outpatient Center) Construction Phase Capital Project

The recommendation seeks approval of the initiation of the Cancer Treatment Center/Ambulatory Outpatient Center capital project.

A need has been identified for a Cancer and Advanced Ambulatory Complex. On May 4, 2021, the Board approved initiation of the design phase of this project. The design phase is underway, and it is now appropriate to begin the next phase and move forward with construction. The Cancer Treatment Center/Ambulatory Surgery Center project will include multiple clinical care buildings and structured parking with an anchor of approximately 260,000 square feet for cancer-specific services. The \$500,000,000 project is authorized by the 2022 Session of the Kentucky General Assembly. The university will report the combination of two legislative authorizations and the transfer of funds from agency bonds to agency funds to the Capital Projects and Bond Oversight Committee.

Trustee Geoghegan made a motion to recommend approval of FCR 13. Trustee Melanson seconded the motion. The motion carried without dissent.

F. King's Daughters Update

Dr. Brockman officially welcomed King's Daughter's Health System (KDHS) and Chief Operating Officer Sara Marks to the University of Kentucky.

UK HealthCare's Vice President for Health System Administration Mark D. Birdwhistell discussed the journey to improve and preserve healthcare access in eastern Kentucky. He announced that as of December 1, 2022, King's Daughters Health System became part of the university. Mr. Birdwhistell remarked that the announcement has been

welcomed by both the community and the King's Daughters physicians, advanced practitioners and staff.

King's Daughter's Health System (KDHS) and Chief Operating Officer Sara Marks discussed numerous initiatives and capital projects as a result of the partnership with UK HealthCare. She stated that KDHS is thrilled with the partnership.

G. Compliance Update

Chief Compliance Officer R. Brett Short presented an annual update as required by UK HealthCare's governing bodies. Mr. Short stated that the Office of Inspector General consistently raises the expectations and guidelines for healthcare organizations.

Assistant Chief Compliance Officer Noelle True discussed the process to understand the areas that UK HealthCare is most at risk. She discussed areas of risk or heat maps. Ms. True stated that based on the analysis, UK HealthCare is at the most risk in the privacy and controlled substance diversion areas. She stated that communication such as comply-line monitoring is tracked through a compliance dashboard.

H. Financial and Operational Update

UK HealthCare's Chief Operating Officer Pete Gilbert reported total discharges were up for the month of October and over budget. He stated that the Kentucky Children's Hospital saw an even higher number of cases as a result of flu and other common respiratory viruses. Mr. Gilbert stated that the length of stay remains above budget but efforts to reduce the number are underway. He reported that the operating rooms and emergency department cases continue to trend higher than budget.

Chief Executive Physician Executive Jay Grider discussed the UK HealthCare ambulatory key performance indicators. He remarked on the strong growth in outpatient cases and physician Relative Value Units (RVUs).

Chief Financial Officer Craig Collins presented UK HealthCare's financials for the month of FY23 October. Mr. Collins stated that net income for October exceeded budget by \$18 million and \$14 million higher than last year.

Mr. Collins asked the Committee to approve a revised budget due to the addition of the revenue from King's Daughters, an increase in revenue from investment income and a positive payer mix for the first four months compared to the original budget.

Mr. Collins introduced King's Daughters Health System Chief Financial Officer Autumn McFann. Ms. McFann reviewed the budget and condensed income statement for Royal Blue Health. She requested Committee approval for a budget of \$65.6 million.

Trustee Melanson made a motion to recommend approval of the FY23 King's Daughters Health System budget. Trustee Geoghegan seconded the motion. The motion carried without dissent.

Mr. Gilbert disclosed the list of UK HealthCare's clinical contracts as required by their governing bodies.

FCR 14 Acquire/Improve Elevator Systems-UK HealthCare (Modernize Elevators at Kentucky Clinic Capital Project

The recommendation seeks approval of the initiation of the Acquire/Improve Elevator Systems – UK HealthCare (Modernize Elevators at Kentucky Clinic) capital project.

This project will upgrade and modernize two existing traction elevators within the Kentucky Clinic Building and will include installation of new equipment, controls and safety devices. The project will also refurbish the elevator cabs. This \$1,100,000 project is authorized by the 2022 Kentucky General Assembly.

Trustee Melanson made a motion to recommend approval of FCR 14. Trustee Daniels seconded the motion. The motion carried without dissent.

FCR 15 Improve Building Systems – UK HealthCare (Replace AHU 3 at Pavilion WH) Capital Project

The recommendation seeks approval of the initiation of the Improve Building Systems – UK HealthCare (Replace AHU 3 at Pavilion WH) capital project.

This project will replace the existing air handling unit (AHU) #3 at Pavilion WH (Marylou Whitney and John Hendrickson Cancer Facility for Women). This project will improve the reliability of the systems, temperature and humidity control, and energy efficiency. This \$1,500,000 project is authorized by the 2022 Kentucky General Assembly and will be funded with agency funds.

Trustee Geoghegan made a motion to recommend approval of FCR 15. Trustee Swanson seconded the motion. The motion carried without dissent.

FCR 16 Improve Parking/Transportation Systems 1 – UK HealthCare (Expand Parking Structure 8 – Construction Phase) Capital Project

The recommendation seeks approval of the initiation of the Improve Parking/Transportation Systems 1 – UK HealthCare (Expand Parking Structure 8 – Construction Phase) capital project.

UK HealthCare continues to experience strong inpatient admissions growth. This increased volume has placed substantial capacity constraints on UK inpatient hospital operations. This increased patient volume has created a need for additional parking.

At its June 17, 2021 meeting, the Board approved the design phase of an expansion of Parking Structure 8. The design phase is underway, and it is now appropriate to begin the next phase and move forward with construction. This project will expand to the west of the existing Parking Structure 8 and will include associated site

work and stormwater detention systems. Once constructed, the expanded structure will help alleviate current and future parking demands by providing approximately 700 additional parking spaces. Additionally, the project may provide approximately 37,000 square feet of shelled office space to support future needs due to UK HealthCare expansion in the area.

Trustee Geoghegan made a motion to recommend approval of FCR 16. Trustee Swanson seconded the motion. The motion carried without dissent.

FCR 17 Improve Building Systems – UK HealthCare (Good Samaritan Hospital Emergency Generator) Capital Project

The recommendation seeks approval of the initiation of the Improve Building Systems – UK HealthCare (Good Samaritan Hospital Emergency Generator) capital project.

At its December 14, 2020 meeting, the Board of Trustees approved the Good Samaritan Hospital Emergency Generator project at a scope of \$1,900,000. Good Samaritan Hospital presently operates two 750kW diesel generators. This project will add a new interior 750kVA generator and connect it in parallel with the existing two. In this configuration, the two generators will better support the facility, while the third generator will be redundant and allow for routine maintenance without compromising the emergency operation of the hospital.

The project was initially bid in September 2021. The bids received were considerably higher than estimated. At that time, the decision was made to purchase only the equipment needed for the project (emergency generator, switchgear and transfer switches) and to bid the installation after delivery of the equipment. Due to long lead times and supply shortages, the equipment was only recently received on site and is ready for installation. The Board is requested to approve a revised scope of \$2,800,000.

Trustee Melanson made a motion to recommend approval of FCR 17. Trustee Daniels seconded the motion. The motion carried without dissent.

FCR 18 Acquire/Improve Elevator Systems – UK HealthCare (Modernize Three Elevators at Pavilion WH) Capital Project

The recommendation seeks approval of the initiation of the Acquire/Improve Elevator Systems – UK HealthCare (Modernize Three Elevators at Pavilion WH) capital project.

This project will improve and modernize three existing elevators located in Pavilion WH (Marylou Whitney and John Hendrickson Cancer Facility for Women). The project includes new machines, operational controls, door equipment, signal fixtures, cab interior fixtures and connection to the existing building automation system. This \$1,200,000 project is authorized by the 2022 Kentucky General Assembly.

Trustee Daniels made a motion to recommend approval of FCR 18. Trustee Melanson seconded the motion. The motion carried without dissent.

I. Privileges and Appointments

Chief Physician Executive Jay Grider, DO, presented the list of credentials for approval presented by the UKHC Medical Staff. Chair Brockman called for a motion to approve the list of providers. Trustee Swanson moved to approve the list. Trustee Melanson seconded the motion, and it passed without dissent.

J. Other Business and Adjournment

Chair Brockman called for new or other business that needed to be brought before the University Health Care Committee or questions for the presenters. Hearing no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

Leigh Bays Donald
University Health Care Committee Secretary