

**Minutes of the University of Kentucky Board of Trustees
University Health Care Committee
December 14, 2015**

I. Call to Order

The University of Kentucky Board of Trustees University Health Care Committee met on December 14, 2015 in conference room 127 of the Charles T. Wethington, Jr. Building. The meeting was called to order by Robert Vance, Chair of the University Health Care Committee (“Committee”), at 3:00 p.m.

II. Roll Call

Committee member’s present included Chair Vance, Barbara Young, James Booth, William Farish, and Cammie Grant.

Committee Community Advisory members present included Mira Ball, Robert Clay, Nick Nicholson, and Jean West.

University Health Care ex officio members present included President Eli Capilouto, Michael Karpf, MD, Frederick de Beer, MD Robert (Bo) Cofield, DrPH and Colleen Swartz, DNO, MSN, RN.

Trustees C.B. Akins, Sr., Claude “Skip” Berry, III, William Britton, Angela Edwards, and David Hawpe were also present.

III. Approval of Minutes

Minutes from the Committee’s September 10, 2015, meeting were presented for approval by Chair Vance. The minutes were approved unanimously, with modifications.

IV. Financial Update

Murray Clark, Chief Financial Officer of UK HealthCare, provided the Committee with an update on the hospital systems financials for the fiscal year four month period ending on October 31, 2015. It was reported that fiscal year 2016 has started off on a positive note.

Volumes for inpatient care are above budget and revenue has been higher due to the case mix of patients and outlier cases.

Outpatient volume has exceeded budget and there has been an increase in net revenue per case. Length of stay (“LOS”) is in line, slightly above budget. Along with inpatient activity, observation cases continue to increase. The average LOS for observation cases is slightly more than 27 hours, which is a significant raise compared to budget and to last fiscal year. Emergency Department cases

increased 10% above budget, while the aggregate number of operating room cases are under budget (outpatient surgical cases are under budget by 527 case fiscal year to date).

Total discharges fiscal year to date exceed budgeted discharges by 35 and the prior fiscal year period by 125. The increase in discharges is in services to adults.

In regards to the income statement, the payor mix of discharges for the period is generally consistent with the budget, although numbers are higher for Medicaid patients. A portion of this increase has come from the continuing decline in Patient/Charity, which is positive. However, UK HealthCare has also seen slight declines in Medicare and commercial patients. Total outpatient revenue has increased \$15.6 million over budget.

Overall, clinical visits are above total clinical activity at 11.3%, which is measured by the increase in Case Mix Index. Activity has produced revenue in excess of budget, and expenses have been maintained within budget as adjusted for activity producing a positive result for the fiscal year through October 2015.

FCR 17: Renovate Academic/Administrative Space

Mr. Clark presented the Committee with FCR 17: Renovate Academic/Administrative Space: Nutter Football Training Facility Capital Project.

This project will renovate approximately 29,150 square feet of the Nutter Football Training Facility for the new Sports Science Research Institute (SSRI), an academic center, coaches' offices and other athletic programs.

Jon Abt, Associate Professor and Director of the SSRI provided the Committee with a brief overview of what SSRI is. SSRI is a multidisciplinary research center focused on injury prevention and performance optimization, musculoskeletal health and rehabilitation, metabolism and neuro-cognition. Focusing on tactical athletes and youth and collegiate-level athletes, SSRI explores ways to minimize injury, optimize performance and maximize career longevity and quality of life.

This \$4 million project was authorized by the 2014 Session of the Kentucky General Assembly as Renovate Academic/Administrative Space, to be funded with agency funds. However, the recommended financing plan includes \$950,000 of private funds and \$3,050,000 of agency funds (\$1.8 million of clinical revenues and \$1.25 million from fund balances).

The Committee unanimously recommends that FCR 17 be approved by the Finance Committee.

FCR19: Repair/Upgrade/Improve Building Systems

Mr. Clark presented the Committee with FCR 19: Repair/Upgrade/Improve Building Systems – UK HealthCare Capital Project (Roach Air Handling Unit: Roach S-1).

This project will replace the air handling unit in the Ben F. Roach Cancer Care Facility. The unit is 32 years old, in poor mechanical condition and supports the second floor of the building which is a clinical area. Scope of project is \$1.2 million and will be funded with agency funds.

The Committee unanimously recommends that FCR 19 be approved by the Finance Committee.

V. Operations and Quality Update

Robert (Bo) Cofield, DrPH, UK HealthCare’s Chief Clinical Operations Officer, provided the Committee with an update on the demand, growth and optimizing capacity at UK HealthCare.

UK HealthCare continues to see a growing demand for its inpatient service, with an average daily census greater than 700 patients. During calendar year 2015, UK HealthCare anticipates that it will have approximately 18,000 patient transfers from other facilities, compared to approximately 1,000 patient transfers during calendar year 2004. The number of patients in “transitional locations” continues to challenge the UK HealthCare clinical operations team; on average there are 69 patients in one of four transitional locations each day at 7:00 a.m. There have been several days where the number of patients has exceeded 100. These transitional locations are not ideal for patients. UK HealthCare’s clinical operations and facilities teams are working together to establish workable solutions until a longer term plan is formalized. Due to the daily high volume in these virtual areas, the ninth floor of Pavilion A, scheduled to open in the summer of 2016, totaling 64 beds, and half of the tenth floor, expected to open in late 2016 will be completely filled upon opening. If UK HealthCare was able to accommodate the number of transfer patients that have been turned away due to no available beds, leadership anticipates that three-quarters of the new space will be filled upon the opening of both floors. Leadership continues to analyze facility needs compared to clinical demand and will be providing its findings, along with potential recommendations, to the Committee at its January 2016 retreat.

Dr. Cofield presented the Committee with UK HealthCare’s Hospital Based Contracts (20), as of October 2015. As part of UK HealthCare’s reaccreditation process with The Joint Commission, the Board was informed of such Contracts and no action was necessary. In addition, Dr. Cofield reported that The Joint Commission has completed UK HealthCare’s triennial survey and that the team is working through the various requests for improvements identified by the Commission. None of the findings posed an immediate threat to patient safety. It is anticipated that the Joint Commission will be back on site prior to January 4, 2016 to follow-up on the identified findings and to review work plans to ensure that the findings are resolved.

UHCCR 1: UK HealthCare Quality, Safety and Patient Experience Plan

Dr. Cofield presented the Committee with UHCCR 1: UK HealthCare’s Fiscal Year 2016 Quality, Safety and Patient Experience Plan.

As part of the conditions for participation in programs of the Centers for Medicare and Medicaid Services (“CMS”), hospitals must develop, implement and maintain an effective, ongoing, hospital-wide, data-driven quality assessment and performance improvement plan. The UK HealthCare Fiscal Year 2016 Quality, Safety and Patient Experience Plan (“Plan”) sets out such a program. This Plan affirms UK HealthCare’s commitment to quality, safety and patient experience and will assist in the promotion, coordination and leadership of safety and quality priorities throughout the organization.

The Committee unanimously approved UHCCR 1.

VI. Clinical Update

Dr. Navin Rajagopalan and Dr. Michael Sekela presented on UK HealthCare’s Heart Transplant and Ventricular Assist Device (VAD) programs. The heart transplant program has been active since 1991. Due to Medicare changes, the heart transplant program saw a significant decrease in transplants in the 2000’s. An active heart transplant program must perform an average of 10-12 transplants per year. UK HealthCare’s program opted out of Medicare in 2005-2006 to retool and increase volume. In 2007-2008, UK HealthCare spearheaded a restart program without cost to patients to regain Medicare certification; in result, the program has seen a significant increase, and the recertification was completed in 2010. Increased volumes are a result of better referrals, strengthening of surgical coverage to 24 hours a day, expanded donor selection, transfer of patients from other transplant centers, and UK HealthCare’s ability to tackle higher risk candidates.

The number of Left Ventricular Assist Device (LVAD) implants has also increased significantly since 2010, when only three implementations were completed; it is anticipated that 31 implementations will take place in 2015, all with positive patient survival rates. The UK HealthCare Heart Transplant Program, offers multi-organ transplants and gets patients into the hospital to see a doctor within a day. In 2014, UK HealthCare performed 13 heart transplants; it is projected that UK HealthCare will complete 39 in 2015, with positive outcomes.

VII. Compliance Update

Brett Short, UK HealthCare’s Chief Compliance Officer, reviewed the objectives of UK HealthCare’s compliance program, the regulatory framework and elements of an effective compliance program. The Department of Justice has hired a new compliance expert. Mr. Short and the compliance departments feel confident with the new changes and anticipate positive outcomes for 2016.

VIII. Approval to Amend UK HealthCare Medical Staff Bylaws

During the Operations and Quality Update section of the Committee meeting, Dr. Cofield announced that UHCCR 2 had been withdrawn and that it would be brought back to the Committee in February 2016 for review and consideration. It was withdrawn to ensure that any necessary changes related to the previously discussed Joint Commission site survey are made.

IX. Privileges and Appointments

Dr. Cofield presented for approval on behalf of Andrew Bernard, MD the current list of privileges and credentials. The Committee made a motion to accept the privileges and credentials brought before them. The motion carried and was approved by the committee.

X. New Business

Chair Vance announced the Committee will hold a retreat on January 27, 2016, from 1:00 p.m. to 5:00 p.m., with specific details forthcoming.

XI. Adjournment

Chair Vance adjourned the meeting at 4:36 p.m.