

Minutes of the Meeting of the Board of Trustees
University of Kentucky
University Health Care Committee
Thursday, February 21, 2019

The University Health Care Committee of the Board of Trustees of the University of Kentucky met on Thursday, February 21, 2019, in the Lee T. Todd Building on the University of Kentucky campus.

A. Meeting Opened

Robert Vance, Chair of the University Health Care Committee, called the meeting to order at 3:30 p.m.

B. Roll Call

The following members of the University Health Care Committee answered the call of the roll: Cammie DeShields Grant, Robert Grossman, Robert Vance, and Barbara Young; Community Advisory members Luther Deaton and Missy Jarvis.

Chair Vance announced that a quorum was present.

The UK HealthCare and University administration was represented by President Eli Capilouto, Executive Vice President for Health Affairs Mark F. Newman, Executive Vice President for Finance and Administration Eric N. Monday, Vice President and College of Medicine Dean Robert DiPaola, Vice President and Chief Financial Officer Craig Collins, and Vice President for Hospital Operations Colleen Swartz.

Guests and members of the news media also were in attendance.

C. Approval of Minutes

Chair Vance asked for a motion for approval of the minutes from the December 10, 2018 meeting. Trustee Young moved approval of the minutes. Trustee Grant seconded the motion and the minutes passed without dissent. (See minutes on the Board of Trustees website, www.uky.edu/Trustees, under agenda.)

D. Executive Vice President for Health Affairs Update

Dr. Mark Newman congratulated Dr. Colleen Swartz on being appointed the new Vice President for Hospital Operations.

Dr. Newman stated that UK HealthCare has had a lot of success in rankings and stated that each organization has different methodologies to determine their rankings. Many have risk

adjustments, compare hospitals to their peers, and use current data. However, some, such as the Centers for Medicare and Medicaid Services rankings, use controversial methodology. Dr. Newman discussed the high-risk Extracorporeal Membrane Oxygenation Transport Program provided by UK HealthCare. The program is unique to UK HealthCare and transfers patients from other institutions as a last effort to save the patient's life. The Committee viewed a video of a patient that survived due to their care in this program. Because UK HealthCare cares for these high-risk patients, data that is not risk adjusted will not result in a favorable ranking. Dr. Newman stated that UK HealthCare would continue their practice of treating the patient and not the numbers.

Dr. Newman stated that on any given day, UK HealthCare runs over 250 programs to take care of their patients. He emphasized the need for a new electronic health record. Dr. Newman yielded the floor to UK HealthCare Chief Information Officer Cecilia Page. Dr. Page continued to discuss the efforts, timelines, and benefits of a new electronic health record.

Trustee Shuffett advised contacting like institutions for their input.

Dr. Newman introduced the Lexington Clinic CEO Andrew Henderson, MD and Chief Administrative Officer Eric Riley. Dr. Henderson is a graduate of the University of Kentucky and expressed that the partnership between UK HealthCare and the Lexington Clinic will benefit both organizations and their patients.

UK HealthCare's surgical activities at the Lexington Surgery Center continue to grow. The ribbon-cutting event on the new co-branded building is currently scheduled for July 2019.

Dr. Newman yielded the floor to the Director of the UK Center on Drug and Alcohol Research Dr. Sharon Walsh to give an update on the Kentucky CAN HEAL Grant. Dr. Walsh stated that the University had been short-listed and would receive a site visit the following week.

E. Financial Update

FY 2019 December Operating Results

Colleen Swartz reviewed the Key Performance Indicators for December of FY 2019. Strong outpatient volume and discharges created a favorable variance to budget. Craig Collins stated that total Enterprise operating revenue is under budget by \$6.7 million year-to-date. The variance is primarily in hospital operations due to changes in payer and patient mix while the College of Medicine has exceeded budget by \$8.9 million. Expenses were \$19.8 million under budget and personnel expenses were \$1.5 million greater than budget due to volumes. Pharmacy operations continues to be a strong contributor to the overall operating margin. Investment income has a year-to-date loss of \$3.8 million and a negative variance-to-budget of \$9.4 million.

UK HealthCare Preliminary Five-Year Forecast

Mr. Collins reviewed the process, plan assumptions, and details of the UK HealthCare FY2020-2023 Financial Forecast.

KaufmanHall was engaged to consult on the model and assist in creating a format that supports the University's long-range planning process. Capital and major cash flow projects were reviewed and prioritized. Baseline operational forecasts were modeled from previous results and adjusted with known business cases and recruitment strategies.

Plan assumptions for FY2020-2023 included: the Lexington Surgery Center; hospital surgery backfill, electronic intensive care unit; electronic health records; faculty recruits; interventional radiology; the Lexington Clinic; inflation and merit pay increase assumptions; reimbursement initiatives; Markey Cancer Center renovation and associated business plan; Internal Medicine specialty clinic renovation and associated business plan; off campus infusion and specialty pharmacy business plan; care redesign initiative; and a primary care/ambulatory plan.

Long-range capital that was reprioritized in the plan included: patient floors five and 12 of Pavilion A; endoscopy suite additions; Birthing Center renovation; Pavilion A Phase 2 Radiology; a five-year reduction of routine and infrastructure capital; and future ambulatory strategies.

F. Business Items

FCR 7 Improve Good Samaritan Hospital Facilities (UK HealthCare Good Samaritan Interventional Radiology) Capital Project

The recommendation authorizes payment of up to \$6,000,000 to expand clinical services at the Good Samaritan Hospital by renovating an area in the main facility to create patient preparation/recovery bays and install an Interventional Radiology suite. The project has been authorized by the 2018 Kentucky General Assembly and within the total legislative authority of \$25,000,000.

Trustee Young made a motion to recommend approval of FCR 7 to the Finance Committee. Trustee Grant seconded the motion. The motion carried without dissent.

G. Privileges and Appointments

Dr. Newman presented the list of credentials and appointments for approval. Chair Vance called for a motion to approve the list of providers. Trustee Grossman moved to approve the list. Trustee Young seconded the motion and it passed without dissent.

H. Other Business

Chair Vance stated that he and Trustee Young regularly meets with Chief Compliance Officer Brett Short and had met with him in preparation for the February meeting to stay informed on UK HealthCare compliance matters.

Personal testimonials regarding the importance, impact, and high quality of care at UK HealthCare by the physicians and nurses concluded the meeting.

I. Meeting Adjourned

Chair Vance called for new or other business that needed to be brought before the University Health Care Committee. Hearing no further business, the meeting was adjourned at 4:41 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Robert D. Vance". The signature is written in a cursive style with a large initial "R".

Robert Vance
Chair, University Health Care Committee