

Minutes of the Meeting of the Board of Trustees  
University of Kentucky  
University Health Care Committee  
Monday, April 29, 2019

The University Health Care Committee of the Board of Trustees of the University of Kentucky met on Monday, April 29, 2019, in the Bolivar Art Gallery in the School of Art and Visual Studies 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: Jim Booth, Cammie DeShields Grant, Robert Grossman, Robert Vance, and Barbara Young; Community Advisory members Robert Clay and Luther Deaton.

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 February 21, 2019 meeting. Trustee Grossman moved approval of the minutes. Trustee Young seconded the motion and the minutes passed without dissent. (See minutes on the Board of Trustees website, [www.uky.edu/Trustees](http://www.uky.edu/Trustees), under agenda.)

D. Executive Vice President for Health Affairs Update

Dr. Mark Newman discussed the Lexington Clinic collaboration and updated the Committee on the timeline and efforts to expand cancer care and clinical trials throughout central Kentucky. Definitive agreements encompassing this collaboration were signed on March 4, 2019. With both parties now contractually committed to the collaboration, the workgroups continue to move forward with detailed implementation to go live on June 24, 2019. Dr. Newman referenced approval of FCR 9 as one of the key milestones for the partnership and stated Chief

Financial Officer Craig Collins would review the recommendation during his discussion of the business items.

UK HealthCare's Chief Information Officer Cecilia Page joined Dr. Newman for his presentation on the electronic health record (EHR) transition at UK HealthCare. Over the last 20 years, UK HealthCare has added systems as needed to keep up with the evolution of technology in health care. While these added systems have managed to keep UK HealthCare operating in the current environment, they have created multiple interfaces for providers and clinicians to manage each patient interaction. Dr. Newman and Dr. Page stated that UK HealthCare is most likely the last academic medical center in the region to transition to a new single platform EHR. Dr. Newman and Dr. Page reviewed financial ratings of the current and top EHR vendors. According to the ratings by Dun & Bradstreet, the current UK HealthCare vendor may have a high risk of having financial issues. Master agreements for the current vendor are due for renewal in 2020 and have created the opportunity to transition to a new platform. UK HealthCare issued a request for proposal and during the last six months engaged employees to evaluate vendors. Due to state procurement regulations, the preferred vendor cannot be named until the contract has been awarded. Dr. Page stated that Board members could sign purchasing confidentiality agreements and obtain the name and details of the submitted proposals. Newman and Dr. Page stated that the largest part or approximately three-fourths of the cost related to the requested \$280,000,000 in FCR 10 would be for labor to install, train, and implement the new EHR. The remaining cost will be distributed to other areas such as software and hardware. Chair Vance stated that the purchase will somewhat impact earnings and cash on hand. Consulting company Kaufman Hall and Executive Vice President for Finance and Administration Eric Monday reviewed the expenditure prior to the meeting and agree that if UK HealthCare continues to grow, the purchase of a new electronic health record cannot be avoided. Trustee Shuffett asked Dr. Page if the two major systems being considered could upload data from the current system. Dr. Page advised that they are fully integrated and can work with the current data. Trustee Shuffett cautioned that a new EHR can have unintended consequences and impact physician interaction with patients. Trustee Grossman stated that he supports the transition and from a patient satisfaction standpoint, the transition is long overdue. Trustee Christian asked if vendors have a significant difference in data conversion. Dr. Page stated that UK HealthCare has a large amount of data and it would be a significant task for both vendors. Chair Vance asked Dr. Newman to present FCR 10 for approval.

#### FCR 10 Replace UK HealthCare IT Systems 1 (Single Enterprise Electronic Health Record) Capital Project

The \$280,000,000 capital project will replace the current electronic health records system with a fully integrated patient centric electronic single enterprise platform to modernize UK HealthCare's digital infrastructure. A new system was necessary to serve as the backbone for integrated information to support continuous improvement in patient care.

Trustee Grossman made a motion to recommend approval of FCR 10 to the Finance Committee. Trustee Young seconded the motion. The motion carried without dissent.

#### E. Financial Update

Dr. Colleen Swartz and Craig Collins reviewed the FY 2019 Operating Results thru March for UK HealthCare. Strong outpatient volume and discharge performance created favorable variances to the budget. The total enterprise operating revenue was over budget by \$2.1 million year-to-date. The variance was primarily in hospital operations due to changes in payer and patient mix, while the College of Medicine exceeded its budget by \$11.6 million. Mr. Collins reported that expenses were \$14.6 million under budget for FY 2019 thru March. Personnel expenses were \$5.5 million greater than budget due to volumes. Medical supplies and pharmaceuticals were greater than budget by \$26 million due to new innovative treatments and patient mix while fixed expenses were under budget by \$47.4 million. Pharmacy operations continued as a strong contributor to the overall operating margin. Investment income rebounded in the third quarter of FY 2019 with a year-to-date gain of \$12.8 million and a positive variance to budget of \$4 million.

Trustee Grossman stated that it would be helpful if the colors on the key performance indicators could be shaded to show variation. Dr. Swartz stated that UK HealthCare would continue to modify the slide to make it easier to interpret.

Trustee Blonder inquired about the origin of the additional revenue in the College of Medicine. Mr. Collins stated that improvements from the cost-saving initiative known as Building Efficiencies through Strategic Transformation (BEST) and the hard work over the last 18 months to add access has significantly helped drive favorable outcomes in revenue and patient satisfaction. Vice President for Ambulatory Services John Phillips stated the work has been extremely beneficial for booking appointments and streamlining clinics. Physician support has been a key factor in these improvement for the clinics. Dr. Newman stated the work on provider documentation by the UK College of Medicine Associate Dean for Medical Affairs Dr. Rick McClure also helped drive outcomes.

Mr. Clay inquired about the revenue from the retail pharmacy and if it was increasing or declining. Dr. Swartz stated that due to the innovative pharmacy leaders continually working to review items that are advantageous to the health system, it continues to be a major driver. Craig Collins stated that it continues to grow and be a large part of UK HealthCare's bottom line. Additional opportunities have been reviewed in the ambulatory setting by including pharmacists and managing panels of patients to facilitate continuity of care with complex medication regimens.

#### F. Business Items

##### FCR 9 Authorization of Lease between University of Kentucky HealthCare and Kentucky Medical Services Foundation, Inc. and Approval of Improvements to the Space

The recommendation is that the Board authorize the Executive Vice President for Finance and Administration to execute a lease between UK HealthCare and Kentucky Medical Services Foundation for 10,433 square feet of space located at 1221 South Broadway and approved the payment of up to \$660,000 for improvements to the space. The leased space will provide additional medical oncology space for the Markey Cancer Center to better serve patients by creating access

points for patients closer to their homes.

Trustee Young made a motion to recommend approval of FCR 9 to the Finance Committee. Trustee Grant seconded the motion. The motion carried without dissent.

#### FCR 11 Authorization of Lease for UK HealthCare Information Technology

The recommendation is that the Board authorize the Executive Vice President for Finance and Administration to negotiate and execute a building lease between the University of Kentucky and an appropriate location in Lexington, Kentucky, to be used by UK HealthCare Information Technology.

A need was identified to provide space to support UK HealthCare Information Technology including work relating to the Electronic Health Record project. The lease will not exceed 46,000 square feet of administrative space and will be at an annual cost of up to \$1,175,000.

Trustee Young made a motion to recommend approval of FCR 11 to the Finance Committee. Trustee Grossman seconded the motion. The motion carried without dissent.

#### G. College of Medicine Update

Dean DiPaola updated the Committee on the success of the College of Medicine in their education and research efforts.

The College of Medicine (COM) received accreditation until 2026 after a very successful Liaison Committee on Medical Education (LCME) Accreditation visit in September. Dean DiPaola reviewed ongoing diversity and inclusion activities, goals, and metrics that are monitored and reviewed.

An increase in alumni and philanthropy engagements with visits to California, Florida, Ohio, New York, and Washington have increased scholarship funding. A \$2,500,000 gift from St. Elizabeth Healthcare in 2018 endowed a scholarship for the UK College of Medicine students at the Northern Kentucky University campus.

The Bowling Green College of Medicine campus launched in 2018 through a partnership with the Medical Center Health and Western Kentucky University. When fully operational, the Bowling Green campus will increase the size of the COM by 120 students.

The Dean highlighted:

- The Rural Physician Leadership Program in Morehead
- 2019 Match Day
- New Biomedical Education Programs
- Areas of focused research aligned with the priorities of the Vice President for Research
- Active National Institutes of Health (NIH) Awards in the Signature Areas

Dean DiPaola stated new research facilities has helped recruit and retain top researchers. A top 20 ranking in NIH funding among public institutions in 2020 is anticipated.

Trustee Grossman stated that he was disappointed with the recruitment of diverse students at the new locations and asked what UKHC is doing to increase diversity. Dean DiPaola stated that there are a number of pipeline programs have been implemented and agreed that progress is still needed.

President Capilouto stated that he appreciates the methodical and systematic way that the EHR transition has been approached and thanked all those involved. He also recognized the hard work by the College of Medicine.

#### H. 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 Grant moved to approve the list. Trustee Young seconded the motion and it passed without dissent.

#### I. Other Business

Chair Vance stated that he and Trustee Young met with Chief Compliance Officer Brett Short prior to the meeting for their quarterly UK HealthCare compliance update.

#### J. 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 5:02 p.m.

Respectfully submitted,



Robert Vance  
Chair, University Health Care Committee