

Minutes of the University Health Care Committee
University of Kentucky Board of Trustees
Thursday, October 15, 2020

The University Health Care Committee of the Board of Trustees of the University of Kentucky met on October 15, 2020, via Zoom Webinar.

A. Meeting Opened

Barbara Young, chair of the University Health Care Committee, called the meeting to order at 2:15 p.m. Chair Young asked Leigh Bays Donald to announce the members present.

B. Roll Call

The following members of the University Health Care Committee were in attendance: Ray Daniels, Ron Geoghegan, David Melanson, Hollie Swanson and Barbara Young; Community Advisory members Britt Brockman, Robert Clay, Luther Deaton and Nick Nicholson.

Ms. Donald announced a quorum was present, and Chair Young welcomed the new Committee members.

The meeting was live-streamed to the UK HealthCare community.

C. Approval of Minutes

Chair Young stated that the minutes of the September 11, 2020 meeting had been distributed and asked for a motion. Trustee Melanson moved approval, and Trustee Daniels seconded the motion. The motion carried without dissent. (See meeting minutes on the Board of Trustees website, www.uky.edu/Trustees, under "Agenda".)

D. Executive Vice President for Health Affairs Report

Executive Vice President for Health Affairs Mark F. Newman, MD, reviewed the agenda for the meeting. Dr. Newman reported key COVID-19 statistics and data. He stated that COVID-19 patients require additional resources for staff and faculty to ensure their safety. Dr. Newman stated that UK HealthCare's (UKHC) faculty and staff have shown resilience during these stressful times. He reiterated how quickly UKHC pivoted to do things that had never been done. Within days, services such as drive-thru testing and telemedicine visits were provided. Given that 2020 was the year of the nurse, Dr. Newman pointed out that he was proud of the commitment and work provided every day by the UKHC team. He informed the Committee that the COVID-19 antibody rate for the UKHC team was approximately half of the local community rate and demonstrates that patients should not delay getting care due to fear of exposure.

Dr. Newman announced that UK HealthCare is the number one transfer center in

the nation with over 20,000 transfers from other hospitals and continues to fulfill the mission of taking care of Kentucky. He also reported that UK HealthCare was named Best Hospital in Kentucky by *U.S. News and World Report* for the fifth year in a row and achieved four of five stars, ranking in the Top 20 among peer academic medical centers by Vizient. Vice-President for Hospital Administration, Colleen Swartz, DNP, RN and Chief Physician Executive Jay Grider, DO discussed UKHC's opportunity to quickly join other five-star hospitals. Dr. Swartz stated that slow, steady progress helped UKHC achieve the current Top 20 ranking and continued focus on areas important to quality care will move UKHC into a Top 10 ranking.

Medicaid Access and Quality

Vice President for Health System Administration and Chief of Staff Mark D. Birdwhistell discussed changes to Medicaid supplemental funding. Mr. Birdwhistell explained that these payments are tied to utilization and delivery of services, improved access and health outcomes for the Medicaid population. Mr. Birdwhistell reviewed UKHC's current performance for the required measures. He explained that an increasing portion of the payments will be at-risk, with year four and five having 20% of the payments tied to quality and performance. Dr. Newman thanked all that were involved in obtaining the payments, and stated that it created opportunities to make a difference for UKHC's Medicaid patients.

Trustee Swanson inquired about UKHC's preparations for COVID-19 and flu season and asked for more details about Vizient's equity ranking for UKHC. Dr. Newman stated that in addition to the measures being taken to prevent COVID-19, flu vaccines are required for all employees at UKHC and acknowledged that it can be challenging to staff during these seasons. Dr. Newman and Dr. Swartz responded to Trustee Swanson's question regarding equity and how it is measured. Dr. Swartz reported that Vizient uses a methodology that compares gender, race and socioeconomic status in areas that are commonly reported by all hospitals for best comparison.

Trustee Daniels asked Dr. Newman to explain details regarding UKHC's transfer rate. Dr. Newman stated that UKHC's mission is to take care of patients from Kentucky and surrounding states that can no longer be taken care of due to the severity of illness in their current facilities. He advised that it is also equally important for the patients that do not need sub-specialty care to stay close to home. Dr. Swartz noted that academic medical centers in a similar cohort see an average of approximately 6,000 transfers annually. The second highest in the same cohort saw an average of 12,000 transfers. Dr. Swartz explained that academic medical centers in states with rural areas tend to have a higher number of transfers.

E. Payment, Performance and Financial Update

Key Performance Indicators FY21 August

Vice President for Hospital Operations Colleen Swartz, DNP, RN and Chief Physician Executive Jay Grider, DO, discussed the operational results for FY21 August. Dr. Swartz reported discharges during FY21 August were approximately 200 under

budget for the month and approximately 500 under budget for the year. She commented that UKHC's case mix index (CMI) was a record high of 2.23 during August, an indication that current patients are very ill. Dr. Swartz stated that emergency department visits were down but noted that due to COVID-19, Chandler Hospital lost approximately 30 treatment spots, making it difficult to hit budget numbers. Dr. Swartz stated that UKHC's operating rooms were very busy and seeing record months. Operating room cases in the month of August were 400 cases over budget and saw a record 738 cases during one of those weeks. The Lexington Surgery Center volumes are starting to increase after the COVID-19 shut downs. Dr. Grider reported that ambulatory clinics are matching volumes from FY20 and contributed to the telehealth program with the increase and ease in visits.

Financial Performance, FY21 Reforecast and FY20 Recap

Senior Vice President for Health Affairs and Chief Financial Officer Craig Collins reported a net income of \$116.2 million with an operating margin of 25.1 percent, exceeding budget by \$70.8 million for FY21 August. Mr. Collins stated that an increase in revenue, decrease in personnel expenses and a gain of \$15.5 million in investment income contributed to the positive variance.

Mr. Collins reviewed the revised FY21 budget assumptions. These assumptions included an increase in volumes to pre-COVID-19 levels, an increase in operating revenue to assume a full year of directed payments and change in payer and patient mix related to COVID-19. The impact of the university pension reduction was included in the revision and an increase in operational expenses related to COVID-19 personal protective equipment and staffing. Mr. Collins presented FCR 1, FY 2020-21 Budget Revisions to Chair Young based on these assumptions and changes.

FCR 1 FY 2020-21 Budget Revisions

The recommendation seeks authorization and approval of revisions to the FY 2020-21 budget. The budget revisions will increase the University of Kentucky's current funds budget by \$373,858,500 – from \$4,429,389,500 to \$4,803,248,000. Chair Young asked for a motion to recommend approval of FCR 1. Trustee Daniels moved approval, and Trustee Melanson seconded the motion. The motion carried without dissent.

FCR 2 Improve Building Systems - UK HealthCare Pavilion H - Replace AHU S1 and S1A Capital Project

The recommendation seeks approval to initiate the estimated \$4,000,000 capital project authorized by the 2020 Kentucky General Assembly to replace two existing air handling units and their controls in Pavilion H to improve reliability of the systems, improve the temperature and humidity control and improve energy efficiency. Chair Young asked for a motion to recommend approval of FCR 2. Trustee Melanson moved approval, and Trustee Daniels seconded the motion. The motion carried without dissent.

FCR 3 Improve Building Systems – UK HealthCare Pavilion WH – Replace AHU 4 and 5 Capital Project

The recommendation seeks approval to initiate the estimated \$2,000,000 capital project authorized by the 2020 Kentucky General Assembly to replace two air handling units in Pavilion WH to improve reliability of the systems, improve the temperature and humidity control and improve energy efficiency. These air handling units have exceeded their useful life and replacement will improve the reliability of the systems. Trustee Melanson moved approval, and Trustee Swanson seconded the motion. The motion carried without dissent.

F. Other Business and Adjournment

Chair Young 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 3:35 p.m.

Respectfully submitted,

Barbara S. Young
Chair, University Health Care Committee

(FCR 1, FCR 2 and FCR 3 are official parts of the Minutes of the meeting)