

Minutes of the University of Kentucky Board of Trustees
University Health Care Committee Retreat
June 18, 2015

The University of Kentucky Board of Trustees Healthcare Committee met on June 18, 2015 at the Keeneland Race Track for their annual retreat. A total of 183 people were in attendance that included the University Health Care Committee members, Community Advisory Members, additional Board of Trustee members, University of Kentucky and UK HealthCare senior leadership, guests, and members of the media. The meeting was called to order by Barbara Young, Chair of the University Healthcare Committee, at 8:03am. Chair Young announced that a quorum was present.

ATTENDANCE

University HealthCare Committee Members: Chair-Barbara Young, Jim Booth, Bill Britton, and Robert Vance

Additional University of Kentucky Board of Trustee Members: Dr. C.B. Akins, Dr. Britt Brockman, Sheila Brothers, Mark Bryant, Angela Edwards, Dr. Keith Gannon, Mr. Bill Gatton, Cammie Grant, David Hawpe, Jim Stuckert, Kelly Sullivan-Holland & Dr. John Wilson

University Healthcare Committee Advisory Members: Robert Clay, Luther Deaton, & Jean West

Ex-Officio Members of the University HealthCare Committee: President Eli Capilouto, Dr. Michael Karpf, Dr. Frederick de Beer, Dr. Bernard Boulanger, & Dr. Colleen Swartz

APPROVAL OF MINUTES

Minutes from the May 7, 2015 meeting were presented for approval by Chair Young. The minutes from were approved unanimously.

WELCOME

Dr. Michael Karpf welcomed the members of the Board of Trustees and guests.

PREPARING FOR THE FUTURE

Representatives from Deloitte Monitor, Dr. Ken Abrams, Josh Lee, and Jeff Christoff began the retreat with a presentation about the initiatives to prepare for the future of UK HealthCare and develop a new strategic plan. A year ago UK HealthCare leadership announced it would spend much of FY15 developing a new strategic plan to guide the university's health system through 2020. That plan, built on patient-centered care and a culture aligned to provide it, has been developed. UK HealthCare will continue its emphasis on caring for the most complex, critically ill patients of Kentucky and beyond with a focus on nine service lines. To facilitate their continued growth, a new service line management model will heighten attention on high quality care delivered in an efficient and coordinated manner. Strategies will also target appropriate and timely access to both primary and specialty care in its ambulatory settings. In working toward seamless delivery of care across the continuum, acute care and post-acute care partnerships will continue to be critical. Following the market's movement toward value-based care, UK HealthCare will be focusing investments and efforts to improve the predictability of outcomes and cost. The plan also calls for enhanced efforts in marketing and brand awareness and gaining the infrastructure (information technology, clinical technology, facilities, etc.) necessary to meet the needs of UK patients.

COLLEGE OF MEDICINE UPDATE

Dr. Frederick de Beer, Dean for the College of Medicine, highlighted progress in MD education, showing significant growth in out-of-state applications and class size without sacrificing student quality or performance. Evidence of the college's growing reputation is found in more out-of-

state medical students remaining at UK for residency training, as well as overall increased numbers of residents and fellows in graduate medical education at UK. All of the medical training programs at UK are in good standing with their accrediting bodies. Increasing attention is being paid to recruitment of students into medical education, with particular emphasis on improving the diversity of the student body and supporting the training of those with an interest in practicing in rural, underserved areas of the state. The college's research initiatives track closely with the UK Strategic Plan for Research, with the health care colleges responsible for more than 53% of sponsored research awards at the university. Within the next five years, the goal is to improve UK's NIH funding and ranking by focusing on intercollege and integrative grants and growing the faculty.

FACILITIES AND MASTER PLANNING UPDATE

Murray Clark and HGA Architects Michael Kennedy Rebecca Sanders presented the 2016 Facilities Master Plan Study. The presentation included an update on projects underway in Pavilion A (Phases 1F and 1G) which include floors 9, 10, 11, Radiology, Hyperbaric, ORs, Kitchen/Cafeteria and the NICU. Additionally, the report outlined the remaining requirements to complete the redevelopment of the Chandler Hospital. As part of the ongoing master planning efforts for UKHC, the architects have recommended the repurposing of Pavilion H (the original hospital building). Repurposing this structure would provide access to 180,000 - 200,000 SF of clinical support, academic and administrative support space and preclude the necessity to build a separate Lab and office building. The report also proposed a future new facility on the Chandler campus (Pavilion B) that would serve as a replacement facility for the Good Samaritan Hospital and Clinics. This new facility would connect to the existing facilities and provide additional space for inpatient beds, clinic space and potentially other clinical and clinical support space. The master plan update also included a preliminary report on Ambulatory facilities highlighting

areas for further study. Additionally there was a brief review of the current ambulatory facilities projects underway

DIVERSITY REPORT

With Dr. Michael Karpf and Colleen Swartz, Dr. Terry Allen from UK's Office of Institutional Equity and Equal Opportunity reported on the diversity of UK's workforce. The report highlighted the number of minorities within the managerial and professional workforce of UK HealthCare. Responding to this clear need for improvement, several initiatives are underway that focus on diversity. To address the need, two professionals have been added to the College of Medicine and Hospital Administration to lead initiatives to develop a more diverse healthcare work environment. Second, a recruiter has been engaged to find talented individuals with appropriate skill sets. Currently, four doctors have recently been recruited, as well as three high profile scientists and clinicians retained. In addition, unconscious bias training will be required for all involved in hiring and all Colleges/departments will report gender, racial and ethnic diversity of all hiring committees. The presentation concluded with Dr. Karpf stating that UKHC will work collaboratively to create a healthcare environment where all patients, providers, and staff will live or work in open and accepting spaces, and in which people of all backgrounds, identities and perspectives can feel secure and welcome.

2016 FINANCIAL AND CAPITAL PLANS

Murray Clark presented the FY 2016 Hospital Operating Budget and Routine Capital Plan with the Committee. The FY 2016 Budget Plan anticipates continued growth in these services: inpatient discharges will increase 1% to 37,232; outpatient visits will increase 6% to 495,941 and Emergency Department cases will increase 6% to 101,913. The growth is across most medical services and payers. The FY 2016 Budget takes into consideration the multitude of economic dynamics in the healthcare environment and establishes a balance between the demands of

ongoing operational and strategic investments. Key investments are being made in faculty support to expand services in Anesthesia, Pediatrics, Surgery, Internal Medicine, Emergency Medicine as well as several other departments. Key operational emphasis will be placed on the opening of the 9th and 10th floors of PAV A, reducing length of stay and post-acute care management. Decisions will be made during the year on the priority, timing and funding of additional operational and strategic initiatives. The Hospital anticipates a strong financial performance for FY 2016 with total revenues of 1.3 billion dollars and excess of revenue over expense of 133 million dollars. The University Health Care Committee made a motion to accept the budget brought before them. The motion carried and was approved by the Committee.

FINANCIAL POSITION UPDATE

Jason Sussman, a Managing Director with Kaufman Hall, presented an update of their review of the Financial Position of UK HealthCare. The report emphasized the need for UK HealthCare to maintain a strong financial position to be able to have funds to invest in operations and strategic initiatives, as well as to ensure continuing access to the Capital markets for future borrowing. The current and future financial projections included in the report indicate very strong ongoing performance at UK Healthcare that would compare favorably to the credit rating agency benchmarks (Moody's A2 and Standard & Poor's A). The report also contained a discussion of various market and operational changes that could occur and quantified them into potential future financial impacts. The report concluded with a discussion of how UK HealthCare can mitigate against the changing market environment by careful and deliberate implementation of the key strategies outlined in the Strategic Plan.

FCR 12

Murray Clark presented FCR 12 to the Committee for review and approval.

This project will renovate the areas currently occupied by the Department of

Orthopedic Surgery's clinic located on the first floor of the Warren Wright Medical Plaza Building. The Department of Orthopedics patient load has increased significantly in the last few years, creating considerable inefficiency in the clinic. While the space has had minor renovations and refurbishments, there have not been any major renovations since the original construction in 1983. This renovation project will create more usable exam rooms; enhance patient and staff circulation; improve waiting areas; and upgrade the HVAC systems to current standards. These improvements also will support the consolidation of clinical services resulting in more efficient operations necessary to manage the increasing volume of patients.

Pursuant to Administrative Regulation 8.2, any capital project with an estimated cost of \$600,000 or more must be approved by the Board prior to initiation. This project has been authorized by the 2014 Session of the Kentucky General Assembly. The project scope is \$3,500,000 and will be funded with agency funds. The University Health Care Committee made a motion to accept FCR 12 and pass it on to the Finance Committee for approval. The motion carried and was approved by the Committee.

FY16 ENTERPRISE GOALS

Dr. Bernard Boulanger, Chief Medical Officer, presented the FY 2016 Enterprise goals in Mortality, Patient Safety, Care Continuum, Patient Experience, and Engagement. The University Health Care Committee made a motion to accept the goals brought before them. The motion carried and was approved by the Committee.

PRIVILEGES AND APPOINTMENTS

Dr. Kevin Nelson presented for approval the current list of privileges and credentials. The University Health Care Committee made a motion to accept the privileges and credentials brought before them. The motion carried and was approved by the committee.

DISMISSAL

Seeing no other business, Chair Young adjourned the meeting at 3:32pm