

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

Minutes of Board of Directors Meeting

May 5, 2010

PRESENT: David Walsh (Chair), Michael Weiden (Vice Chair), Roger Axtell, Tom Basting, Carol Booth, Richard Choudoir, Judith Crain, Dean Robert Golden, Chancellor Carolyn Martin, Rep. Cory Mason, Dean Katharyn May, Dian Palmer, Dan Schooff, Michael Spector, and Dr. George Wilding

EXCUSED: Sen. Jon Erpenbach, Pablo Sanchez, and Dr. Humberto Vidaillet

LIAISONS: Donna Katen-Bahensky and Dr. Michael Bentz

STAFF: Kristi Amelong, Mike Buhl, Jan Bultema, Jim Dechene, Dr. Carl Getto, Mark Hamilton, Scott Houtakker, Connie Kinsella, Dr. Mark Kirschbaum, Dr. Maureen McCausland, Robert Miller, Mary O'Connell, Jeff Poltawsky, Renee Rizzo, Mike Sauk, Kari Schrage, Ron Sliwinski, Dan Weissburg, and Terry Wilkerson

1. **Call to Order**

Mr. David Walsh, Chair, opened the meeting of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority at 1:05 p.m. A quorum was present.

2. **Approval of Minutes of April 7, 2010, Authority Board Meeting**

Ms. Crain moved approval of the minutes of the April 7, 2010, meeting. Dean Golden seconded the motion and it passed unanimously.

3. **Review and Approval of Medical Staff Membership and Clinical Privileges**

Dr. Bentz, President of the Medical Staff, presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Mr. Basting moved that the recommendations be approved. Dean May seconded the motion and it passed unanimously.

4. **Recess for Meeting of the Governing Body of UWHC Board**

The Board recessed to conduct a meeting of the Governing Body of University of Wisconsin Hospitals and Clinics Board. At the conclusion of that meeting, the Board of Directors reconvened.

5. **Approval of Senior Vice President/COO**

Donna Katen-Bahensky, President and CEO, introduced Ronald Sliwinski. He came from Dartmouth Hitchcock Medical Center to UWHC in September to become the Vice President/Professional Services. On the recommendation of Ms. Katen-Bahensky, Dean Golden moved that Mr. Sliwinski be approved as the Senior Vice President/COO. Mr. Basting seconded the motion and it passed unanimously.

6. FY11 Budget Overview

Ms. Katen-Bahensky began the presentation by highlighting how the entire budget process reflects the organizational mission to respond to patient care needs, fund training for future health care providers, support the academic mission of our partners and support clinical research. In addition, the budget proposal also overlays the new UW Health Strategic Plan. Michael Buhl, Senior Vice President and Chief Financial Officer, shared key assumptions with the Board including the expected increases in volume, the complexity of patients, an increase in Medicare as our population ages, as well as, a decrease in reimbursement. Assumptions also included an estimated \$87 million in uncompensated care.

While UWHC expects to face some challenges from health care reform with lower reimbursement, there are continued opportunities in efforts to value manage operations, improve efficiencies, and additional collaboration and integration, where appropriate, with our partners to build on additional efficiencies.

The budget calls for an operating margin of 5% in order to meet the capital investment and build up cash reserves; cash on hand to 161 days; days in accounts receivable to 48 days; and \$50.7 million in the capital budget. The budget calls for a 7.5% rate increase effective July 1, 2010.

7. Closed Session

There being no other matters for the open session, Mr. Walsh proposed to take the meeting into closed session as previously announced. Mr. Walsh announced that the purpose for the closed session was for the discussion of financial and other matters, including budgetary and strategic planning matters and approval of investments which for competitive reasons require a closed session, as provided in section 19.85(1)(e), Wis. Stat.; and to consider employment and performance evaluation data of public employees, as provided in section 19.85(1)(c), Wis. Stat.; and for review of the services of health care providers, pursuant to section 146.38, Wis. Stat.

Rep. Mason moved that the Board enter closed session. Mr. Weiden seconded the motion. The motion passed with a unanimous roll call vote. The following members voted for the motion: David Walsh (Chair), Michael Weiden (Vice Chair), Roger Axtell, Tom Basting, Judith Crain, Dean Robert Golden, Chancellor Carolyn Martin, Rep. Cory Mason, Dean Katharyn May, Dan Schooff, Michael Spector, and Dr. George Wilding. Dian Palmer was not present when the vote was taken. Carol Booth and Richard Choudoir are non-voting members.

No action was taken in the closed session.

8. Approval of FY11 Budget, including Hospital Rates

Mr. Weiden moved to adopt the resolution approving the FY Budget and Hospital rates [Exhibit 1]. Mr. Axtell seconded the motion and it passed unanimously.

9. Board Committee Reports

Mr. Buhl reported on the Finance and Audit Committee meetings. The Finance Committee reviewed the March 2010 Operating Results and the FY 2010 Capital and Operating Budget. The Audit Committee approved the audit plan for Deloitte and received reports from Compliance and Internal Audit.

10. CFO Report

Mr. Buhl reported on details from the summary of results for March 2010 and year-to-date. March 2010 finished slightly below plan for the month. UWHC has been experiencing an increase in case mix, which is reflected in longer lengths of stay. For nine months ending March 31, 2010, inpatient adult was slightly above plan, while pediatrics was below plan. Outpatient pediatrics clinic visits was 5% above plan.

Net gain from operations for March was \$4.7 million. Net income including non-operating income was \$7.2 million. Year-to-date through March net gain from operations was \$36.6 million and net income including non-operating income was \$45.8 million.

11. CEO Report

CEO Activities & Hospital Recognitions. Ms. Katen-Bahensky began her report highlighting her participation in recent activities including:

- Attended the Seminar on Patient and Family Centered Care.
- Served as 2010 Chair of the Go Red for Women Luncheon which raised \$140,000 for Go Red For Women initiatives, research and grants. In the last three years, UW Health has received \$11.5 million in grant support from the American Heart Association.
- Participated in a Geriatric Reception at the Governor's Mansion, along with representatives from UWSMPH including Rick Moss and Sanjay Asthana, MD.
- Appeared with health care CEO's from across Wisconsin in a forum on the Office of Health Care Reform Implementation.
- Served as a hostess at the inaugural Hearts and Hands – AFCH Fundraiser.
- Appeared as a panel member on the CEO Panel for Working Mother magazine & Corporate Voices: Hourly Workers in America, in Washington D.C. UWHC was named to the inaugural list of "Best Companies for Hourly Workers," according to Working Mother magazine. The award cited hospital's numerous family-friendly initiatives for hourly workers, such as flexible hours, career training and advancement opportunities, generous health insurance and retirement plans, paid vacation, sick days, tuition reimbursement, and flexible spending accounts. UWHC was named to the magazine's "100 Best Companies" list in 2007, 2008 and 2009.

New Advertising Agency. UW Health has selected a new advertising agency. Shine Advertising was selected after a regional RFP process and review of four finalists by an interdisciplinary team from UW Health.

Regulatory Visits. UWHC will be hosting a series of announced and unannounced regulatory visits coming up in the next few weeks focusing on the trauma program, stroke program and additional program specific reviews.

Presidential Scholarship Program. The 2010 Presidential Scholarship program awarded two outstanding managers the chance to earn an Executive MBA with all direct costs of both programs paid by UWHC.

Care Epic and UW Health MyChart. Care Epic (previously Care Everywhere) is a four month pilot project between Madison hospitals and urgent care centers allowing members to securely exchange patient information. UW Health MyChart is a secure online service that offers users the privacy and convenience of accessing portions of their UW Health medical records.

Kids Radiothon. The 2010 John and Tammy Champions for Kids Radiothon is going on in the lobby of the American Family Children's Hospital Wednesday through Friday. The Radiothon raised \$442,000 in 2009.

12. Tour of Med Flight

There being no further business, the Board participated in a tour of the Med Flight facilities.

13. Adjournment

At the conclusion of the tour, the meeting adjourned.

Respectfully Submitted,

James C. Dechene, Secretary

**BOARD OF DIRECTORS OF THE
UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
(UWHC)**

**RESOLUTION APPROVING CAPITAL AND OPERATING BUDGET AND HOSPITAL RATE
INCREASE FOR FY 2011**

Approved May 5, 2010

WHEREAS, the Finance Committee of the UWHC Board has reviewed the UWHC Capital and Operating Budget for FY 2011 as prepared by management and has recommended its approval to the UWHC Board; and

WHEREAS, the Board has reviewed the Capital and Operating Budget for FY 2011 as presented by management.

NOW THEREFORE BE IT RESOLVED THAT, the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority approves the recommendation of the UWHC Finance Committee to approve the Capital and Operating Budget including the fiscal performance targets and other authorizations set forth in the attached Resolution of the Finance Committee approved at its meeting of April 27th, 2010.

**Resolution of UWHC Finance Committee
Recommending to the Board Approval of the Fiscal Year 2011 Capital and Operating
Budget and Hospital Rate Increase**

Approved by Finance Committee April 27, 2010

WHEREAS, the Finance Committee of the UWHC Board, among other matters, is charged with the review and recommendation to the UWHC Board of the annual budget; and

WHEREAS, the annual budget in addition to being reflective of the prospective year's anticipated revenues, expenditures, margins and capital costs has embodied within it the attainment and/or maintenance of certain contractual and other financial and investment performance requirements and targets, which for purposes of allowing UWHC management to be given proper guidance throughout the subsequent fiscal year also require specific finance committee approval and further recommendation to the UWHC Board for their approval.

NOW THEREFORE BE IT RESOLVED THAT, the Finance Committee of the University of Wisconsin Hospital and Clinics (UWHC) recommends to the Board of UWHC that it approve the Capital and Operating Budget for fiscal year 2011 as presented by management in its Executive Summary of the Capital and Operating Budget. Included in the budget prepared by management and further specifically recommended by the Finance Committee are the following important UWHC targets, initiatives, commitments and requested authorizations.

1. Authorization to spend \$50.7 million for capital expenditures to be funded from operations.
2. Approval of a 7.5% price increase effective July 1, 2010.
3. The achievement of an Operating Margin of 5.0%.