

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
Minutes of Board of Directors Meeting

November 6, 2013

PRESENT: David Walsh (Chair), Tom Basting, Chancellor Rebecca Blank, Rick Fetherston, Dean Robert Golden, Dr. Thomas Grist, Andrew Hitt, Rep. Howard Marklein, Dean Katharyn May, Janice Mueller, Senator Luther Olsen, Lisa Reardon, Pablo Sanchez, and Michael Weiden (Vice-Chair)

EXCUSED: Regina Millner, Dr. Humberto Vidaillet

LIAISON: Donna Katen-Bahensky

STAFF: Kristi Amelong, Mike Anderson, Jan Bultema, Jim Dechene, Jill Ellefson, Dr. Chris Green, Beth Houlahan, Jay Robaidek, John Sheehan, Ron Sliwinski, Dan Weissburg, and Kelly Wilson

GUESTS: Noah Goetzel (Wisconsin Health News)

1. Call to Order

Chair David Walsh called the meeting to order at 1:30 p.m. A quorum was present.

2. Approval of Minutes of September 3 and 4, 2013 Authority Board Meetings

Mike Weiden moved approval of the minutes of the September 3 and 4, 2013 meetings (Attachment A). Senator Olsen seconded the motion and it passed unanimously.

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

Dr. Nate Rudin presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Dean Golden moved to approve the recommendations (Attachment B). Mr. Weiden seconded the motion and it passed unanimously.

4. Report of Organ Procurement Organization

Jill Ellefson, Director of Organ Donation and Transplant Service Line, presented an overview of the role and accomplishments of the UW Organ and Tissue Donation (OTD) (Attachment C). The OTD oversees the organ donation process and provides public education and data reporting on organ donation.

5. Review and Approval of Scope of Services

Ronald Sliwinski, SVP & COO, presented the Organizational Scope of Services (Attachment D) of the University of Wisconsin Hospitals and Clinics Authority. He highlighted the new service location of the Digestive Health Center and the changes anticipated in the future, such as UW Health at the American Center. Dr. Grist moved approval; Ms. Mueller seconded; and the motion passed unanimously.

6. Review and Approval of Mississippi MA Resolution

General Counsel Jim Dechene presented a Board Resolution required by Mississippi Medicaid in order to participate in that program, which is required for reimbursement for a patient treated at UWHC (Attachment E). Senator Olsen moved approval; Dr. Grist seconded; and the motion passed unanimously.

7. Magnet Update

Chief Nursing Officer Beth Houlahan provided a Magnet Update. Magnet is analogous to the prestigious Baldrige Award in the field of Nursing. UWHC was initially designated in 2009. Organizations need to re-apply every four years. UWHC presented its documentation in June and is moving to a site visit in December. UWHC will hear the results regarding re-designation in spring 2014.

8. Finance/Audit Committee Reports

Bob O'Keefe, Vice President of Finance, reports from the Audit and Finance Committees. First, he presented information from an outside auditor of system controls over privacy. Mr. O'Keefe also summarized the Compliance Report to the Audit Committee, including findings of a recent OIG audit requiring UWHC to repay \$300,000, and the review of the Compliance Program through an effectiveness review, which was done this year by an external expert in Compliance from Foley & Lardner. UWHC implemented changes in response to that Compliance review, including a change to the Director of Compliance's title to Compliance and Privacy Officer and confirmation of the Compliance and Privacy Officer's direct access to the Audit Committee and the Board. Mr. O'Keefe also reported that UWHC has over \$700M in investible funds. The feeling of the Finance Committee was that UWHC needed additional diversification, so some money was moved out of the UW Foundation for investment, to Baird and Nuveen. UWHC is moving to a more formal investment policy, which it expects to bring back to the Board. KPMG recently completed its annual audit and rendered a "clean opinion."

9. CFO Report

Mr. O'Keefe provided the CFO Report (Attachment F). Total admissions are above budget for the year. UWHC was concerned with losing volume from PPIC, which business has dropped from 7% of total to 1%. This has been offset to a substantial extent by the large enrollment shift to Unity over the last two years. Unity has accommodated growth well. As a result, UWHC has retained volume. Income from operations show an operating margin of 5.3% compared to 9.6% from last year. This is consistent with expectations of a drop and just slightly off the budget of 5.9%. The shift in payors has resulted in a loss in payments to UWHC. Results are showing a \$24M decline in bottom line profitability for the year. UWHC tried to hold the line on staffing thinking we would lose significant volume with PPIC. But since the volume didn't drop, it had to spend additional funds in overtime and agency staff to meet staffing needs. That issue is being addressed now through additional hiring, particularly of nurse residents. The market has been good year-to-date, so we have seen significant non-operating income as compared to budget.

10. CEO Report

Ms. Katen-Bahensky highlighted items from her previously-distributed slides (Attachment G), including that UWHC opened UW Health Regional Cancer Center in Rockford. She also described the updated UW Health Strategic Plan and cascading that plan throughout the organization. UWSMPH received the AAMC Spencer Forman award, which is a prestigious community involvement award reflecting The Wisconsin Idea in action. Ms. Katen-Bahensky described Mike Buhl's award for CFO of the year for large business by *InBusiness* magazine.

11. Department of Emergency Medicine Update

Dr. Azita Hamedani introduced and gave an update on Emergency Medicine (Attachment H). Emergency Medicine is a relatively new specialty, with the first primary board designation in 1989. At UWHC, ED volumes have increased; acuity has increased; and there are an increasing number of early therapies and early interventions in the ED. The number of ED admissions that go to ICUs has increased by 50% in less than a decade. Currently, there are 45 ED visits per 100 Americans per year. Literature shows utilization of the ED by the insured

outstrips that of the uninsured. Our care mix reflects mostly (90%) insured patients. In the 1990s, there was a 59% increase in critical care visits; a 36% increase in urgent visits; and an 8% decrease in non-urgent visits.

The UW Emergency Medicine Residency Program didn't start until 2007, which was one of the last programs to have such a residency. In the Big 10, only Wisconsin and Michigan State do not have a Department of Emergency Medicine as an Academic Department, which hopefully is changing. The National Report Card on the State of Emergency Medicine shows that UW has grown from a small program to a moderate-sized program. The trend has been that at least half of our Emergency Medicine alumni end up practicing in the State of Wisconsin and improve the caliber of care provided in Wisconsin. Forty percent of inpatient admissions come from the ED. We admit about 30% of patients who come to the ED to the hospital, which is higher than state and academic center averages. Dr. Hamedani attributes this to a strong urgent care network, which siphons off those patients who are less acute.

When the new ED was built in 2006, our volume was at 30,000, and it was built for anticipated 15-year growth to 45,000, but we reached that volume within three years. Med Flight and EMS programs and others support the Wisconsin Idea. The Department of Emergency Medicine has been officially approved and will be effective beginning in July. One area of focus is young adult prescription drug overdose, which has taken over from car accidents as the number one cause of death in the young adult population. Chancellor Blank questioned whether margins on ED visits were higher than other admissions. Dr. Hamedani explained that hospital margins from admissions on direct admissions are higher than those that come through the ED. Ms. Mueller asked about mental health patients and coordination of care. Dr. Hamedani explained that they face the problem of not being able to hold patients with mental health issues in Wisconsin, and the benefit that Care Everywhere has brought to coordination of patient care. Dr. Grist added that we have connected to over 100 hospitals in terms of being able to share radiologic images. Rep. Marklein asked about the people who practice in the field, to which Dr. Hamedani responded that initial studies show high burnout rates, and the typical personality thrives on multitasking. Dr. Golden announced a \$2M endowment for the founding chair and endowed professor for the new Department, which was going to be awarded to Dr. Hamedani.

12. Closed Session

There being no other matters for the open session, Mr. Weiden proposed to take the meeting into closed session as previously noticed. The purpose for the closed session was for the discussion of financial and other matters, including budgetary matters 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.

Dean May moved to go into closed session; Chancellor Blank seconded, and there was a unanimous roll call vote approving entering into closed session. The following members voted for the motion: Michael Weiden (Vice-Chair), Chancellor Rebecca Blank, Rick Fetherston, Dean Robert Golden, Dr. Thomas Grist, Andrew Hitt, Rep. Howard Marklein, Dean Katharyn May, Janice Mueller, Senator Luther Olsen, Lisa Reardon, and Pablo Sanchez.

The Board took no action in the closed session.

The meeting adjourned.

Respectfully Submitted,

James C. Dechene, Secretary