

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

Open Session

June 3, 2015 1:30pm

H6/215

PRESENT: David Walsh (Chair), David Ward (Vice Chair), Dean Robert Golden, Dr. Thomas Grist, Michael Heifetz, Andrew Hitt, John Litscher, Dean Katharyn May, Regina Millner, Janice Mueller, Lisa Reardon, Pablo Sanchez

EXCUSED: Chancellor Rebecca Blank, Rep. Dale Kooyenga, Senator Luther Olson, Dr. Humberto Vidaillet

LIAISONS: Dr. Lee Faucher, Ron Sliwinski

STAFF: Kristi Amelong, Elizabeth Bolt, Jocelyn DeWitt, Tim Gaillard, Dr. Chris Green, Teresa Neely, Bob O'Keefe, Jeff Poltawsky, Sue Rees, Jay Robaidek, Tiffany Roepsch, John Sheehan, Dan Weissburg, Brian White, Kelly Wilson

GUESTS: Lisa Sardasei, Mike Weiden

1. Call to Order

Chair Walsh called the open session of the Board of Directors meeting to order at 1:30 p.m. Roll call was taken and a quorum was present.

2. ACTION: Approval of Open Session Minutes of May 6, 2015 Authority Board Meeting

Vice Chair Ward moved approval of the open session minutes of the May 6, 2015 meeting (Attachment A); Ms. Mueller seconded the motion; it passed unanimously.

3. ACTION: Resolution Honoring the Service of David G. Walsh

Mr. Sliwinski thanked Chair Walsh for the past eight years of dedication to the Authority Board, as a member on the Executive, Audit, Finance and Executive Compensation Committees, and seven years as Chair of the Authority Board. Mr. Sliwinski read a Resolution (Attachment B) to express the Authority's gratitude for his stewardship in shaping Authority policies and strategic endeavors. Chair Walsh was then presented with a few mementos in appreciation of his dedication and service.

Vice Chair Ward moved approval of the Resolution; Mr. Hitt seconded the motion; it passed unanimously. Resolution 15-022

4. ACTION: Review & Approval of Medical Staff Membership & Clinical Privileges

Dr. Faucher presented the Medical Board recommendations concerning medical staff membership and clinical privileges (Attachment C). Dr. Grist moved that the recommendations be approved; Dean May seconded the motion; it passed unanimously.

5. ACTION: Resolution regarding Wisconsin Therapies Inc.

Mr. Sliwinski presented the Board with a resolution to approve appointment of four members to the board of Wisconsin Therapies, Inc., of which the Authority is the sole member. Two of the

newly appointed board members will replace Mr. Sliwinski and the Authority's former Chief Financial Officer, Mike Buhl.

Mr. Litscher moved approval of the Resolution (Attachment D); Vice Chair Ward seconded the motion; it passed unanimously. Resolution 15-023

6. CEO Report

Mr. Sliwinski presented the CEO Report (Attachment E). He began by discussing improvements on the organizational dashboard and highlighted the improvements made in reducing healthcare-acquired infections. Mr. Sliwinski also presented the UW Health Market Position Report. He noted that UW Health is the market leader in greater Dane County and the ring market area in all areas, including in the category of best nurses which previously trailed St. Mary's in this measure a few years ago.

Mr. Sliwinski next provided an update on the progress made related to UW Health integration. He shared that the UW Medical Foundation faculty voted with an 82% affirmative vote approving integration. In addition, he reported that both the UW Medical Foundation Board and the School of Medicine and Public Health Council of Chairs had each voted unanimously in favor of integration. Mr. Sliwinski explained that the integration due diligence process was underway with completion anticipated by end of June. Kelly Wilson, the Authority's General Counsel, commented that a large number of documents had been disclosed in the due diligence process, with some information outstanding, but no significant issues had been identified to-date. Mr. Sliwinski recognized the work of Chair Walsh, Mr. Weiden and others in furtherance of integration. He also explained that changes in composition and responsibility of the Authority Board would commence in July.

Mr. Sliwinski concluded his presentation by highlighting the areas of strategic focus for Authority leadership, which included integration of the Authority with the UW Medical Foundation and SwedishAmerican Health System; opening of UW Health at The American Center and UW Health Rehabilitation Hospital; membership in abouthealth; collaboration with ProHealth Care and Aurora Health Care to open a cancer center in Waukesha; and negotiations between Unity Health Insurance and Gundersen Health Insurance companies.

At the end of the CEO Report, Chair Walsh commented on the importance of integration to the UW Health enterprise and recognized contributions of Dean Robert Golden, Mr. Sliwinski, Dr. Jeff Grossman, Attorney Kelly Wilson, Attorney Mike Weiden, and all who worked together to achieve integration.

7. Board Committee Report – Audit and Finance Committee

There was no meeting of the Audit Committee.

Mr. O'Keefe reported that the Finance Committee met earlier in the morning and he would update the Board on the meeting in closed session.

8. CFO Report

Mr. O'Keefe presented the CFO Report (Attachment F). He reviewed patient volume metrics, noting the favorable impact on operating results from a growth in patient volume. Mr. O'Keefe reported that the Authority is ahead of budget for the prior year for operating income and performing as expected for non-operating income. For FY2015, the Authority anticipates making a payment under the Academic Affiliation Agreement (AAA Agreement), although a margin in excess of five percent was not initially anticipated so this payment is not budgeted.

Ms. Mueller asked whether payments will continue to be made under the AAA Agreement following integration of the Authority and the UW Medical Foundation. Dean Golden explained that payments would continue to be made, but would be distributed differently. He also noted that the Authority does not anticipate it will achieve the threshold margin of five percent under the integrated structure.

Dr. Grist inquired about swap losses included in the financial report. Mr. O'Keefe explained that debt was swapped from variable rate to fixed-rate interest to lock in favorable interest rates, but that the Authority has not engaged in swap exchanges for some time. He further explained that because of the accounting rules on how swaps must be recorded, he expects to see the loss disappear as the market changes.

9. Board Orientation

Dan Weissburg, the Authority's Compliance and Privacy Officer, presented the first of a three-part series on compliance responsibilities of the Authority Board (Attachment G). Mr. Weissburg's presentation provided an overview of health care compliance origins and concepts, and described the Authority's compliance program, policies and resources. Board members received selected key compliance publications for review and Mr. Weissburg highlighted the publication recently issued by the Office of Inspector General, *Practical Guidance for Health Care Governing Boards on Compliance Oversight*. Mr. Weissburg concluded by inviting Board members to contact him directly with questions or concerns.

10. Other Matters

There were no other matters to present to the Board in open session.

11. Closed Session

There being no other matters for the open session, Chair Walsh proposed to take the meeting into closed session pursuant to Section 19.85(1)(c), Wis. Stat., for considering employment, compensation and performance evaluation data of a public employee over which the Authority has jurisdiction and exercises responsibility; pursuant to Section 19.85(1)(e), Wis. Stat., for the discussion of financial and other matters including budgetary matters which for competitive reasons require a closed session; pursuant to Section 19.85(1)(g), Wis. Stat., to confer with legal counsel regarding strategy with respect to litigation in which it is or is likely to become involved; and pursuant to Section 146.38, Wis. Stat., for the review of the services of health care providers.

Dr. Grist moved to go into closed session; Vice Chair Ward seconded the motion; there was a unanimous roll call vote approving entering into closed session. The following members voted for the motion: Chair Walsh, Vice Chair Ward, Dean Golden, Dr. Grist, Mr. Heifetz, Mr. Hitt, Mr. Litscher, Dean May, Ms. Millner, Ms. Mueller, Ms. Reardon, and Mr. Sanchez.

12. Return to Open Session

Following closed session, Mr. Hitt moved to return to open session; Ms. Reardon seconded the motion; the motion was unanimously approved.

13. ACTION: Resolution on Integration Completion and Authority Bylaw Changes

In preparation for closing of the transaction through which the Authority will become the sole corporate member of the UW Medical Foundation, Chair Walsh presented a Resolution

(Attachment H) to approve the amended and restated bylaws of the Authority and to authorize the UW Medical Foundation to continue to operate its business following the closing date in the same manner as it is currently conducted.

Ms. Millner moved to approve the resolution; Mr. Litscher seconded the motion; the motion was approved unanimously. Resolution 15-024

14. ACTION: Resolution on Recommendation of Executive Compensation Committee

Chair Walsh presented a Resolution (Attachment I) to approve annual compensation for the Authority President and CEO, as recommended by the Executive Compensation Committee of the Authority Board.

Vice Chair Ward moved to approve the resolution; Ms. Mueller seconded the motion; the motion was unanimously approved. Resolution 15-025

15. Adjournment

Mr. Heifetz moved to adjourn the meeting; Vice Chair Ward seconded the motion; the motion was unanimously approved. The meeting was adjourned.

Respectfully Submitted,

Tiffany Roepsch, Assistant Secretary