

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

Open Session
February 4, 2015

PRESENT: David Walsh (Chair), David Ward (Vice Chair), Chancellor Rebecca Blank, Richard Fetherston, Dr. Thomas Grist, John Litscher, Michael Heifetz, Senator Luther Olsen, Lisa Reardon, Pablo Sanchez, Dr. Humberto Vidaillet

EXCUSED: Dean Robert Golden, Rep. Dale Kooyenga, Dean Katharyn May, Regina Millner, Janice Mueller

LIAISONS: Dr. Lee Faucher

STAFF: Kristi Amelong, Elizabeth Bolt, Mike Buhl, Betsy Clough, Mike Dallman, Tim Gaillard, Dr. Chris Green, Beth Houlahan, Gary Johnson, Teresa Neely, Jeff Poltawsky, Bob O'Keefe, Jay Robaidek, Tiffany Roepsch, John Sheehan, Ron Sliwinski, Brian White, Kelly Wilson

GUESTS:

1. Call to Order

Chair Walsh called the open session of the Board of Directors meeting to order at 1:31p.m. Roll call was taken and a quorum was present.

2. Introductions

Chair Walsh introduced Michael Heifetz, the State of Wisconsin Budget Director, as a new member to the Authority Board. Mr. Heifetz is the designee of the Board seat held by the Secretary of the Department of Administration for the State of Wisconsin. Mr. Sliwinski, President and CEO introduced Betsy Clough as the new UW Health VP for Quality, Safety and Innovation and Elizabeth Bolt as the new UW Health Sr. VP and Chief Human Resources Officer.

3. ACTION: Approval of Open Session Minutes of December 3, 2014 Authority Board Meeting

Chancellor Blank moved approval of the open session minutes of the December 3, 2014 meeting (Attachment A). Mr. Sanchez seconded the motion, and it passed unanimously.

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

Dr. Lee Faucher presented the Medical Board recommendations concerning medical staff memberships and clinical privileges (Attachment B). Mr. Sanchez moved that the recommendations be approved. Senator Olsen seconded the motion, and it passed unanimously.

5. ACTION: Resolution Honoring the Service of Mike Buhl

Chair Walsh and Mr. Sliwinski acknowledged the retirement of Michael Buhl, current CFO of the Authority, and thanked him for his stewardship of the Authority's financial health over the past six years. Chair Walsh read a Resolution to express the Authority's gratitude for Mr. Buhl's service (Attachment C), which was unanimously approved. Mr. Buhl thanked the Board for the opportunity to serve as the Authority's CFO. Resolution No. 15-016

6. ACTION: Chief Financial Officer

Chair Walsh, on behalf of the Executive Committee of the UWHCA Board, recommended the appointment of Robert O'Keefe to as the new Senior Vice President and Chief Financial Officer of the University of Wisconsin Hospitals and Clinics Authority effective February 5, 2015. Dr. Vidaillet moved approval of Mr. O'Keefe as Senior Vice President and Chief Financial Officer; Vice Chair Ward seconded the motion, and it passed unanimously. Resolution No. 15-017

7. Board Committee Reports

Mr. O'Keefe, Vice President of Finance, reported on the Audit Committee meeting held earlier in the day. The Audit Committee discussed a number of issues in closed session, which included the internal auditor's report addressing various compliance issues, including status of the Recovery Audit Contractor program and Privacy Breach Investigations.

Mr. O'Keefe also reported on two matters that were the primary subject of discussion at the Finance Committee meeting held earlier in the day. The first matter related to the Authority's decision to engage an investment advisory firm. A selection committee has identified two firms as candidates, and representatives from each firm met with the Finance Committee earlier in the day. Due to lengthy discussion, the Committee did not have sufficient time to hold a vote, but will make a selection at the next Finance Committee Meeting. The second matter involved discussion regarding the potential opportunity to refinance existing bonds held by SwedishAmerican Hospital, originally issued in 2004 for approximately \$80 Million. Options will be presented for consideration at the next Finance Committee.

8. CFO Report

Mr. O'Keefe presented the CFO report (Attachment D). A summary of financial results was provided. Mr. O'Keefe explained that the Authority is experiencing higher than anticipated patient volume. However, the payer mix for this growth has not met targets, resulting in less net revenue than expected. Reasons for a weakened payor-mix are being explored, with a higher than expected number of Medicaid covered lives believed to be a contributing factor. Mr. O'Keefe explained that a number of strategies are being employed to reduce expenses to allow the organization to continue to maintain a healthy margin. Mr. O'Keefe also explained that this issue is being experienced industry-wide and is not limited to academic medical centers.

Chancellor Blank asked for information regarding the higher than budgeted expenses for drugs and supplies. Mr. O'Keefe explained that this was largely due to specialty drugs used in certain inpatient areas. Other members of the Board acknowledged drug costs as a national challenge, at both institutional and patient levels.

9. CEO Report

Mr. Sliwinski presented the CEO report (Attachment E). An update on the current organizational dashboard was provided. Mr. Sliwinski reported that progress has been made in reducing the total number hospital acquired infections, but additional work is being done to achieve further improvements. He also mentioned the continuing high inpatient census and explained that the Authority is looking to implement permanent staffing plans to effectively manage staffing challenges resulting from the high census. Mr. Sliwinski also explained that as part of overall cost-management efforts, staffing reviews and holds have been initiated. Finally, Mr. Sliwinski noted that a retreat will be held next month to provide an opportunity to discuss the potential impact that integration of UW Health entities may have on the Authority Board of Directors.

10. Other Matters

There were no Other Matters to present to the Board.

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)(e), Wis. Stat. 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, pursuant to Section 19.85(1)(g), Wis. Stat.; to confer with legal counsel regarding strategy with respect to threatened or pending litigation; and pursuant to Section 146.38, Wis. Stat., for the review of the services of health care providers.

Dr. Vidaillet moved to go into closed session; Vice Chair Ward seconded the motion, and there was a unanimous roll call vote approving entering into closed session. The following members voted for the motion: Chair Walsh, Vice Chair Ward, Chancellor Blank, Mr. Fetherston, Dr. Grist, Mr. Heifetz, Mr. Litscher, Senator Olsen, Ms. Reardon, Mr. Sanchez, and Dr. Vidaillet.

Dr. Vidaillet moved to return to open session; Vice Chair Ward seconded the motion; and the motion was unanimously approved.

12. Return to Open Session – ACTION: Authority regarding abouthealth Participation Agreement

Senator Olson moved, and Dr. Grist seconded, approval of the following Resolution of the Board of Directors:

Whereas, the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority, authorize delegation to University of Wisconsin Hospitals and Clinics Authority (UWHCA) management to take all steps necessary to negotiate and approve acceptable terms and to authorize University Health Care, Inc. (UHC) to execute a Participation Agreement to further UWHCA's and UHC's ongoing participation in abouthealth.

The motion passed unanimously. Dr. Vidaillet abstained from voting.
Resolution No. 15-018

Mr. Sanchez moved to adjourn the meeting; Dr. Grist seconded the motion; and the motion was unanimously approved.

Respectfully Submitted,

Tiffany Roepsch, Assistant Secretary