

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

Open Session

July 8, 2015 1:30pm
H6/215

PRESENT: Dean Robert Golden (Chair), David Ward (Vice Chair), Chancellor Rebecca Blank, Dr. Thomas Grist, Regent Tim Higgins, Andrew Hitt, Dean Katharyn May, Regent Janice Mueller, Senator Luther Olsen, Regent Drew Petersen, Lisa Reardon, Pablo Sanchez and Dr. Humberto Vidaillet

EXCUSED: Michael Heifetz, Rep. Dale Kooyenga, John Litscher

LIAISONS: Dr. Lee Faucher, Dr. Jeff Grossman, Ron Sliwinski

STAFF: Kristi Amelong, Greg Angus, Elizabeth Bolt, Pete Christman, Mike Dallman, Jocelyn DeWitt, Tim Gaillard, Dr. Chris Green, Beth Houlahan, Gary Johnson, Jordan Mason, Teresa Neely, Bob O'Keefe, Jane Pettit, Jay Robaidek, Tiffany Roepsch, John Sheehan, Dan Weissburg, Mike Weiden, Kelly Wilson, Beth Zaher

GUESTS: None

1. Call to Order

Chair Golden 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. Welcome, Thank You, and Resolution Honoring Service to UWHCA

Chair Golden introduced new UWHCA Board members, Regent Tim Higgins and Regent Drew Petersen. Chair Golden also thanked Regent Regina Millner for her service on the Board.

Chair Golden presented a resolution honoring Mr. Ronald Sliwinski for his leadership and dedication as President and Chief Executive Officer, and expressing gratitude for his efforts in developing an integrated UW Health. Mr. Sliwinski was presented with two gifts of appreciation.

Chancellor Blank moved to approve the resolution; Dr. Vidaillet seconded the motion; it passed unanimously. Resolution 16-001

3. ACTION: Approval of Open Session Minutes of June 3, 2015 Authority Board Meeting

Dean May moved approval of the open session minutes of the June 3, 2015 meeting (Attachment A); Ms. Reardon seconded the motion; it passed unanimously.

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

Dr. Faucher presented the Medical Board recommendations concerning medical staff membership and clinical privileges (Attachment B).

Chancellor Blank moved that the recommendations be approved; Senator Olsen seconded the motion; it passed unanimously.

5. ACTION: Amendment to Medical Staff Bylaws

Dr. Faucher presented a resolution approving amendments to the Bylaws and Rules and Regulations of the Medical Staff that have been reviewed and adopted by the Medical Staff (Attachment C).

Mr. Hitt moved approval of the resolution; Dean May seconded the motion; it passed unanimously. Resolution 16-002

6. ACTION: Election of Officers

Chair Golden presented a slate of officers to the UWHCA Board.

Dr. Vidaillet moved approval of a resolution electing the officers (Attachment D); Chancellor Blank seconded the motion; it passed unanimously. Resolution 16-003

7. ACTION: Board Committees and Membership

Chair Golden presented the UWHCA Board committee rosters and proposed including Regent Mueller on the Finance Committee, who had been inadvertently omitted from the roster.

Vice Chair Ward moved approval of a resolution ratifying committee members (Attachment E); Mr. Sanchez seconded the motion; it passed unanimously. Resolution 16-004

8. ACTION: Approval of Organizational Scope of Service

Mr. Sliwinski presented the Organizational Scope of Service for UWHCA (Attachment F). He explained that the Board's ultimate accountability for the safety and quality of care is reflected, in part, in its annual approval of the written scope of service. The updated Organizational Scope of Service includes The American Center, and may be updated in the future to include other UW Health entities.

Dr. Vidaillet moved to approve the Organizational Scope of Service; Mr. Sanchez seconded the motion; it passed unanimously.

9. Board Committee Report – Audit and Finance Committee

Mr. O'Keefe reported that the Audit Committee of the Board met earlier in the morning and details of the committee meeting would be shared after the Board moved into closed session.

Mr. O'Keefe reported that the Finance Committee received an update from Mr. Sliwinski on integration earlier in the morning, and that additional updates on the Finance Committee meeting would be provided in closed session.

10. CFO Report

Mr. O'Keefe presented the CFO Report (Attachment G). He reported a significant increase in volume during FY15, attributed to being a provider of choice and the expansion of both Medicaid and the health insurance exchanges. In presenting year-to-date operating results, Mr. O'Keefe reported that UWHCA's margin continues to remain strong, in part, due to a drop in both charity care and bad debts. He noted that the Affordable Care Act has had a positive impact on bad debt and charity care, but that the overall effect of the Act has resulted in the UW Health enterprise losing money due to additional costs imposed on its insurance company, Unity. For FY15, UWHCA anticipates an operating margin of approximately seven percent. To the extent its operating margin exceeds five percent, under the Academic Affiliation Agreement

UWHCA will make a payment to the UW-Madison School of Medicine and Public Health to support growth of academic programs. A payment of nearly \$20 Million is anticipated for FY15.

In response to a question about the financial impact of The American Center (TAC) opening in August, Mr. O'Keefe explained that the budget already contemplates a \$5 Million contribution margin, with actual budget impact dependent on how quickly TAC ramps up. He also noted that targeted cost savings of \$24 Million were budgeted in FY15.

One board member inquired how UWHCA's operating margin compares to competitors and how it may be viewed by regulators. Mr. Sliwinski reported that other academic medical centers and competitors have also been reporting strong margins, believed to be due to prudent management. Mr. O'Keefe commented that although bad debt and charity have improved by approximately \$15 to \$20 Million, Unity experienced a loss of \$30 Million due to taxes and fees, so there was an overall net loss to the UW Health enterprise in FY15.

11. CEO Report

Mr. Sliwinski presented the CEO Report (Attachment H). In follow-up to the CFO Report, he noted that UWHCA will be working to consolidate financials and future reports will include the combined UW Health organizations. In presenting the end-of-year scorecard, he highlighted positive progress in most measures, including the reduction of hospital-acquired infections. He noted that leadership remains focused on and resources continue to be dedicated to continued progress on this important patient care initiative. Dr. Chris Green, UW Hospitals Chief Medical Officer, commented that new reporting mechanisms are being explored to more readily and substantively identify trends and display data. Mr. Sliwinski also updated the Board on a number of areas of strategic focus.

12. Closed Session

There being no other matters for the open session, Chair Golden 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.

Chancellor Blank moved to go into closed session; Dr. Vidaillet seconded the motion; there was a unanimous roll call vote approving entering into closed session. The following members voted for the motion: Dean Golden, Vice Chair Ward, Chancellor Blank, Dr. Grist, Regent Higgins, Mr. Hitt, Dean May, Regent Mueller, Senator Olsen, Regent Petersen, Ms. Reardon, Mr. Sanchez and Dr. Vidaillet.

13. Return to Open Session

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

14. ACTION: Resolution Regarding Delegation to Executive Committee for Final Action on Unity-Gundersen Transaction

Chair Golden presented a resolution delegating authority to the Executive Committee of the UWHCA Board to take final action to consummate the transaction between Unity Health Plans Insurance Corporation and Gundersen Health Plans.

Mr. Hitt moved to approve the resolution; Dean May seconded the motion; the resolution was approved unanimously, with Dr. Vidaillet abstaining from voting. Resolution 16-005

15. ACTION: Resolution Regarding Interim Leadership, Including Action on Executive Compensation Committee Recommendation

Chair Golden presented a resolution to appoint Dr. Jeffery Grossman as interim Chief Executive Officer of UW Health, Ronald Sliwinski as the President of University of Wisconsin Hospitals and Chief of Clinical Operations, and Dr. Peter Newcomer as the Executive Vice President, Chief Medical Officer of UW Health, all on terms approved by the Executive Compensation Committee.

Dr. Vidaillet moved to approve the resolution; Senator Olsen seconded the motion; the resolution was approved unanimously. Resolution 16-006

16. Adjournment

Senator Olsen moved to adjourn the meeting; Dr. Vidaillet seconded the motion; the motion was unanimously approved. The meeting was adjourned.

Respectfully Submitted,

Tiffany Roepsch, Assistant Secretary