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05-09-2017 HSC Committee Meeting Minutes

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Meeting Minutes
UNM Health Sciences Center Committee
May 9, 2017

UNM Health Sciences Center Committee (the "HSCC") members present:

Marron Lee, Chair

Tom Clifford, Vice Chair

Rob Doughty, III

Chair Lee called the meeting of the HSC Committee to order at 8:34 a.m. and confirmed that a quorum was present.

Approval of Agenda

A motion was made to adopt the agenda. The motion was seconded. The motion passed with a vote of 2-0-0. Regent Doughty was not in the room and did not vote.

Approval of Minutes of Prior Meeting

A motion was made to approve the minutes of the March 7, 2017 meeting of the HSC Committee. The motion was seconded. The motion passed with a vote of 2-0-0. Regent Doughty was not in the room and did not vote.

Comments from Committee Members

There were no comments from committee members.

Chancellor's Administrative Report

Chancellor Roth announced that Dr. Deborah Helitzer, founding dean of the College of Population Health, has accepted a position with Arizona State University. He expressed his good wishes to Dr. Helitzer and thanked her for her many accomplishments. Dr. Roth announced that Dr. Leslie Morrison, Vice Chancellor for Academic Affairs, has retired. He added that her position will remain open pending resources. He concluded by announcing that HSC students and faculty were recently honored by the U.S. Attorney's Office for their efforts in tackling the epidemic of opioid abuse in New Mexico at the 13th Annual U.S. Attorney's Law Enforcements Awards ceremony. Those honored were Dr. Joanna Katzman, Snehal R. Bhatt, Dr. Hannah Kastenbaum, Dr. Kurt Nolte, Dr. Karen Cline-

Parhamovich, and Brittany Haggard. Discussion was held on the opioid issue with recent national coverage on problems on campuses, the need for university administrations to prepare for potential problems, and questions on who at UNM coordinates for our preparedness. Dr. Larson added that there is an already-existing training program for undergraduates related to alcohol and opioid misuse.

Regent Doughty joined the meeting.

UNM Health System Update

Dr. Mike Richards report included information on the increases in activity levels and a review of the Income Statement. Discussion was held on the reason for the increase in Surgeries of four percent which tracks with the number of Emergency Department visits and its relation to SRMC where almost all are scheduled surgeries. Dr. Richards continued his report with information on network development – entering into recent joint operations of the Lovelace/UNM Rehabilitation Hospital with an open house scheduled for May 31, 10:00 a.m. He also reported on operation improvement initiatives with major activities being focused on now and over the upcoming year are preparation to participate in Medicare Advantage and Centennial Care value based care reimbursement models, population health software tools, and strategic planning. Regent Clifford asked questions regarding the Affordable Care Act (ACA) changes being implemented in the State's FY2019 and reference to FY2018, the anticipation of changes in enrollment, etc. Dr. Richards clarified that the report's quality improvement initiatives refers to is that the value based elements associated with the current ACA or the replacement of the ACA that many of those value based elements which will create reimbursement mechanisms based on quality and access to care will not change. He noted that the Medicare Advantage population are heavily incentivized towards quality, access, and patient experience. In looking forward to next year, projections will be focused on insuring we have a high level of performance around value-based initiatives, etc. Regent Clifford had questions regarding the five percent increase in Revenue. Dr. Richards responded that overall finances have a five percent increase in Revenue year over year, an approximately six percent increase in Expenses, meaningful use payment to UNM Medical Group, and that the overall Health System is approximately an equal Revenue over Expenses position. Regent Clifford asked about the increase to Operation Loss and Purchase Service. Dr. Richards responded that Purchase Services are purchased within the Health System with other types of vendors who deliver services and are not related to the renegotiation of the reimbursements, in part, driven by the cost of being able to deliver some services at SRMC where we utilize community providers; purchase services we have within our own delivery system for backfill in critical areas, etc. Regent Clifford asked if it suggests supply constraint on services. Dr. Richards responded in the negative and provided further support. Regent Clifford asked why there was an increase in ER visits. Dr. Richards responded that it is, in part, that when data shows an increase in Emergency Department visits it signals access to care in the community – when there is less access to ambulatory care, Emergency Department visits increase, etc. Regent Clifford asked about the initiative to reduce reliance on the Emergency Department, number of patients leaving the Emergency Department without being seen, etc. After further discussion, it was agreed that Dr. Richards will provide information on the Emergency Department, data on number of patients who leave the Emergency Department without being seen, and corresponding budget at a future HSC Committee meeting.

Public Comment

There was no public comment.

Action Items

Request for the Approval of the Spring 2017 UNM Health Sciences Center Degree Candidates

Dr. Tassy Parker presented the Spring 2017 UNM Health Sciences Center 406 degree candidates with a breakdown per college/school. Regent Clifford had questions on the increase in number of graduates. Dr. Parker responded that she will retrieve the requested information to include information on increases and decreases in each program and reply to Regent Clifford. A motion was made to approve the Spring 2017 UNM Health Sciences Center degree candidates. The motion was seconded. The motion passed with a vote of 3-0-0.

Request for the Approval of the All Pueblo Council of Governors' Authorization of Dr. Raymond Loretto for an Additional Term on the UNM Hospital Board of Trustees

Mr. Steve McKernan provided background on the nomination of Dr. Raymond Loretto. Discussion was held on the length of terms and clarification that this would be Dr. Loretto's second term. A motion was made to approve the All Pueblo Council of Governors' authorization of Dr. Raymond Loretto for an additional term on the UNM Hospital Board of Trustees. The motion was seconded. The motion passed with a vote of 3-0-0.

Request for the Approval of Julia Barker and Mary Blessing as Appointees to the Carrie Tingley Hospital Advisory Board

Mr. Steve McKernan provided background on the nominees to the Carrie Tingley Hospital Advisory Board. Ms. Barker and Ms. Blessing were in the audience and spoke to their nominations. Regent Clifford asked their opinions about the Carrie Tingley Hospital. A motion was made to approve the appointments of Julia Barker and Mary Blessing to the Carrie Tingley Hospital Advisory Board. The motion was seconded. The motion passed with a vote of 3-0-0.

Request for the Approval of UNM Hospitals Contracts with Cerner Corporation, Siemens Medical Solutions USA, Inc., and CareFusion Solutions, LLC

Mr. Steve McKernan provided background on the UNM Hospitals proposed contracts with Cerner Corporation, Siemens Medical Solutions USA, Inc. and CareFusion Solutions, LLC. Regent Lee had questions regarding the contract buy-back on Powerworks. Mr. McKernan responded with information on the UNM Hospitals complex agreement with Cerner in order for the UNMH to acquire software at less expense than other organizations because they marry it up with the Master Contract, special provisions in the High Tech Act, etc. Dr. Richards added information regarding the software and its help with referrals, transitions of care both into the referral centers and First Choice as a network provider, etc. Regent Clifford commented on what happens to patients after they leave, our

responsibility, the information system, tracking information, etc. He had questions on the budget and replacement contracts, major equipment, etc. Mr. McKernan explained the need to upgrade the older MRI; major equipment is budgeted. A motion was made to approve the UNM Hospitals contracts with Cerner Corporation, Siemens Medical Solutions USA, Inc., and CareFusion Solutions, LLC. The motion was seconded. The motion passed with a vote of 3-0-0.

Request for the Approval to Proceed with Detail Planning and Programming for the Modern Medical Facility

Dr. Roth provided background and history on the Modern Medical Facility and the need for both additional beds and to replace the current, in adequate facility that does not meet modern medical patient needs. He asked that Dr. Richards provide information on factors that have led up to the current point with the specific recommendation. He asked that Mr. McKernan to follow with project specifics on the project, recommendations for the first phase, and information on today's action item. Dr. Richards' presentation (handouts were distributed to the HSC Committee) included information on guiding principles (improving patient access, improving patient safety, getting to a more efficient level of care and ultimately improving the patient experience and satisfaction), inclusiveness, visioning retreat outcomes, operational constraints, unmet community demand, goal to reach 360 inpatient adult medical surgical beds, 2014 planning phase with an update of the HSC Strategic Plan, the 2015 presentation of the revised HSC Strategic Plan to the medical staff, HSC governance and Regents (including volume projections, New Mexico demographics, evolving clinical delivery system, a series of Board retreats held, building in efficiencies and clinical expectations, improving length of stay initiatives, importance of working with community providers, growth of aging population, etc.) Dr. Richards presented information on the data that supported the number of beds was derived, and location of proposed facility. Regent Clifford asked if the HSC Committee had been shown the planning document. Dr. Richards clarified that the KSA documents were presented and he could recirculate that document. He also noted that the volume projection data from KSA will be recirculated. Regent Lee asked if Project ECHO fits into the proposed modern facility. Dr. Richards responded in the affirmative and provided further explanation on ECHO. Discussion. Dr. Roth interjected that thanks to the leadership of Regent Doughty, the HSC coordinated with the Governor's office and generated the dominant amount of data that supported the recommendation being brought forward. Regent Doughty noted that there were a number of work groups as well (studying the site, finances, and program). Dr. Richards continued his presentation with information on the site selection that considered future expansion, a physical plant to be used for the next 50 years, footprint that considers accommodating the replacement hospital, future expansions, patient access, and proximity to the current physical plant. He reviewed a slide that showed the site selection on University Blvd. and reviewed the KSA recommendations. Regent Lee asked for clarification of number of beds – site plan notes 408 beds but discussions today are saying 360 beds. Dr. Richards responded that the 408 beds consists of 360 adult replacement facility and an additional 48 beds for Behavioral Health. Dr. Roth added the importance of the need for modern facilities for inpatient behavioral health patients, etc. Dr. Richards closed the presentation regarding site selection noting that this is for the full KSA recommended facility of 408 beds and that the recommended site has a footprint that will accommodate the full project, addresses the issues for limitations regarding construction as it relates to the arroyo, traffic flow, adequate space for surface patient parking, the site has the capacity to accept future

expansion, etc. Discussion was held on parking and patient access. Dr. Richards then presented on the proposed facility layout that includes a main hospital building connected by a bridge to a medical office building, replacement adult emergency department, contemporary operating suites, hybrid operation suites, Radiology, etc. He presented on a total project cost of \$684 million: a staged project with Phase I that begins with a 120-bed option. Regent Clifford asked for clarification on costs, what the drivers are on inflation and cost containment. Discussion. Dr. Richards continued with information on how the project will be phased with Phase I consisting of a 120-bed, an acute care hospital of approximately 250,000 square foot, clinics, utility plant, and surface parking; at the current facility convert the current semi-occupancy rooms into single occupancy rooms (increase by six), adding operating room, hybrid operating rooms that includes some diagnostic capacities, would not include a dedicated emergency department as the original hospital 408-bed project would, and an ability to place an urgent care in the hospital space. Discussion was held on hybrid operating rooms. He reviewed the schematic shared in the handout. Regent Clifford asked for a clearer stacking diagram. Discussion. Regent Lee asked questions regarding the basement. Regent Clifford asked for clarification if Surgery will be part of Phase I. Dr. Richards and Mr. McKernan responded that six Operating Rooms are part of Phase I of a multiple-phased project; discussed physical plant. Regent Clifford requested clearer stacking diagrams. Regent Lee asked why the service tunnel is so expensive. Mr. McKernan responded that it is a concrete tunnel underground where all pipes, all electrical, chilled water, steam, access attributes and as the facility extends north over time, the service tunnel will accommodate the extension with no rebuilding. Discussion. Dr. Richards concluded that the cost for Phase I is approximately \$230-250 million. Regent Clifford asked that the architects provide comparables on cost. Regarding the continuation of planning and design, Dr. Richards stated that the next phase for architectural fees for construction documents is approximately six percent of the total project cost or approximately \$12 million. The deliverables: finalize the programming, complete schematic designs, construction document, arrange for future construction management. Regent Doughty commended the hundreds of people involved. He asked who, at the HSC and in the community, would be involved with the architectural firm. Dr. Richards responded that the HSC would continue with a very inclusive process moving forward adding that the steering committee and work groups will return to work on the prioritization of the 120-bed programming. Dr. Roth added that the nursing staff will be included to review the detail of the layout. Dr. Richards reviewed occupancy; on the current recommended timeline there is a targeted completion by 2022. He advanced the recommendation and the request to endorse the engagement of an architectural firm for complete designs, schematic design, construction documents for an approximate cost of \$12 million. Regent Doughty asked for verification that there would be a request for proposal process, etc. Discussion. Regent Clifford asked for verification that Mr. Harris and the facilities department would be updated. Dr. Richards concluded with information on how additional phases might look in the future. Regent Doughty clarified that, if approved, it was for authorizing about \$12 million to proceed with the architectural form and asked what assurances could be given, if Phase I was approved, that there will be the ability to properly finance the project and there is no negative impact to main campus. Mr. McKernan responded that Ms. Lovell and Ms. Watt are working with Mr. Harris's staff and First Southwest has been engaged for a consultation with specific instructions that this project must be part of the entire University, confirmation of ability to finance, and best mechanism (*i.e.*, all cash, partial bond, full bond) and what impact that has on the University and its plans now and in the future. Briefings on a financial plan will be routinely brought to the HSC Committee and Regents. Regent Clifford asked hypothetical questions about potential for

future expansion. Dr. Richards responded with a slide (in handouts) that shows potential expansion options in Phase III for a total of 648 beds. Discussion. Regent Lee asked about the physical plant. Dr. Richards indicated on the slide where this has been considered and options; coordination with Mr. Harris's office is ongoing. Discussion of land that has been secured; land owned by Sandia Foundation. Regent Doughty confirmed that the UNM Hospitals Board of Trustees has approved Phase I. Discussion. Mr. McKernan reviewed slides on the financial analysis, cost financing, debt service ratio, debt financing costs scenario, Phase II, financial projection for Phase I. Regent Clifford asked the impact if the financing was not cash. Mr. McKernan indicated that reliance will be on First Southwest to make recommendations and advice to the Regents. Discussion was held regarding First Southwest, rates, etc. Mr. McKernan concluded with management's recommendation to respectfully request from the HSC Committee (noting that a Resolution will be brought to the full Board of Regents this week) that management be permitted to move forward to select architectural firm for a cost of approximately \$12 million and then bringing back a final recommendation to the HSC Committee and full Board of Regents in approximately a year. Regent Doughty asked where the approximately \$12 million will be derived. Mr. McKernan responded that it comes from the UNM Hospital capital. Regent Doughty asked if that would have any significant impact on the UNM Hospital budget. Mr. McKernan responded that it would not. Regent Clifford asked what additional pressure this places on operating budget and how will that be managed, *i.e.*, stress testing. Discussion. A motion was made to approve proceeding with detail planning and programming for the modern medical facility. The motion was seconded. The motion passed with a vote of 3-0-0.

Information Items

HSC Financial Update

Ms. Ava Lovell provided an update on the UNM Health Sciences Center finances that included information through March 31, 2017. She highlighted the Executive Summary, I&G, Revenue, Unrestricted Revenues, Executive Summary, Total Operations, Research, Public Service, Student Activities, Sponsored Programs, F&A, Clinical Operations, etc. She concluded that, overall, finances are at break-even status. Regent Clifford had questions regarding Other Expenses, Purchase Services, and Medical Supplies. Ms. Lovell guided him to the additional detail that was provided in the agenda documentation and provided more explanation regarding Purchase Services; Dr. Richards responded on rationale regarding Medical Supplies, *i.e.*, pharmaceuticals. Regent Clifford asked for national metrics/comparables. Discussion followed on suppliers, generic substitutes, treatment protocol and patented drugs, etc. Regent Clifford asked questions regarding Days Cash and commented on Uncompensated Care. Ms. Lovell provided explanation. Discussion.

Minutes of the Sandoval Regional Medical Center, Inc. Board of Directors February 22, 2017 and March 22, 2017 Meetings and the Minutes of the UNM Hospitals Board of Trustees February 24, 2017 and March 31, 2017 Meetings

Regent Lee referenced the minutes included in the agenda as information items from the Sandoval Regional Medical Center, Inc. Board of Directors February 22, 2017 and March 22, 2017 meetings and the UNM Hospitals Board of Trustees February 24, 2017 and March 31, 2017 meetings. No discussion.

Executive Session

Following discussion on an item that the University Attorney recommended for Regents' Executive Session, a motion was made for the HSC Committee to convene in executive session for the reasons specified in the published agenda. The motion was seconded. The motion passed with a vote of 2-0-0. Regent Doughty was not in the room and did not vote.

Regent Doughty returned to the meeting.

Following the executive session, a motion was made to reconvene in open session and a certification that only those matters described in agenda item X were discussed in executive session. The motion was seconded. The motion passed with a vote of 3-0-0.

Adjournment

A motion was made to adjourn the meeting. The motion was seconded. The motion passed with a vote of 3-0-0.

Approval of Minutes:

Marron Lee

Marron Lee, Chair, HSC Committee

5.6.17

Date