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# Minutes of 03/07/2012 HSC Board of Directors Mtg

Patrice Martin

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**Minutes of the Meeting of the  
UNM Health Sciences Center Board of Directors  
March 7, 2012  
Domenici Center for Health Sciences Education Bldg., Room 3010**

Board of Directors present: Don Chalmers, Ron Solimon, Lt.Gen. Brad Hosmer, Jerry Geist, Mel Eaves

Directors absent: Carolyn Abeita, Ann Rhoades

HSC Leadership present: Chancellor Paul Roth and a majority of the HSC senior leaders

Others present: members of the HSC faculty and staff, members of Main campus staff

Don Chalmers, Vice Chair, called the meeting to order at approximately 1:40 p.m. and a quorum was established.

Motion was made to adopt the agenda; second; with a vote of 5-0-0 in favor. Motion passed.

Motion was made to approve the Minutes of the February 3, 2012 HSC Board of Directors' meeting; second; with a vote 4 in favor, 0 against, 1 abstention. Motion passed.

Chancellor's Administrative Report

Chancellor Roth reported that the budget hearing process is currently underway at the Health Sciences Center (HSC) with each component having developed a tentative budget for FY13. These budgets are reviewed by HSC Finance, a separate review/presentation of each budget is held with the Chancellor, the Chancellor reviews the budget using the budget as a mechanism to discuss program and whether the program goals and the mission goals coincide and are subsequently supported by the requested budget. Budget assumptions for next year will be presented at the Special Regents' Meeting on March 23<sup>rd</sup>. Dr. Roth added that, earlier in the day, the HSC hosted incoming UNM President Bob Frank in a review of the academic segment of the HSC, our education and research programs, and a brief discussion on strategic planning. Additional orientation for Dr. Frank will be held in April when the Health System segment will be discussed. Accompanying Dr. Frank was Mr. Steve Sloate, Consultant, who has experience in presidential transitions but also a background in health care and working with academic health centers. Mr. Sloate was extraordinarily complimentary of the HSC programs, FIBCI, etc. Dr. Roth congratulated the HSC Communications and Marketing Department that has been recognized as ranking #10 out of 636 web home pages across the U.S. based on four criteria: accessibility, content, marketing and technology. Dr. Roth also announced that the UNM Hospital held an open house to celebrate its new Clinical Neurosciences Center, a center that will serve as a home for state-of-the-art multi-disciplinary diagnostics and treatment in research in the area of neurosciences. It is also the location of the HSC Pain Center.

## Health System Report

Mr. Steve McKernan, HS Chief Operations Officer, reported that HSC strategic planning is proceeding well. He commented on the Health System and our capacity as an organization to deliver care in our community, significant shortfalls in post-acute care capability (*i.e.*, inpatient rehab, outpatient rehab, home health, home IV therapy, hospice care, skilled nursing care, regular nursing care, etc.). As an organization, he recommended studying whether we are going to build those, own those, partner with other organizations, adding that we will have payers looking at episodes of care on a very broad context (*i.e.*, knee replacements, hip replacements, bundled payments, etc.) He believes it will go more in the direction of chronic care management (*i.e.*, heart failure, diabetes, hypertension, etc.) and that we should start measuring these over a longer period of time and look at patient outcomes. He noted that we must make certain we have all the systems available to be able to accept those patients and care for them in the most effective and efficient manner. Regarding the establishment of the Health System, he reported that work is being done on policy development, specifically focusing on coordination in areas such as finance, policies, IT policies, personnel policies, etc. A budget is being developed for the Health System. The July 7, 2012 target date for the opening of SRMC is still firm; community involvement/events planned. He also updated the Board on hospital capacity issues, noting that the past three weeks have been extremely busy. Example: last week the Hospital had 292 of the 300-adult beds filled with patients, while there were 40 patients with admit orders in the Emergency Room with another 20 patients waiting for admit orders. He added that, in general, a hospital should peak at 80% capacity. Discussion on capacity issues, needs for specialty clinics, primary care capacity, population growth, strategic planning, future steps, change in overall organization, balance of under-building versus over-building, and lack of funding resources.

## HSC Student Council

Mr. David Medrano, President, distributed a handout entitled "Health Sciences Student Fee Survey," which will be distributed to students soon to assess their concerns on student fees (Student Fee Review Board budget recommendations), etc. He will return with outcomes. Following up on an inquiry from the HSC Board of Directors at their previous meeting regarding the Council's mission statement, Mr. Medrano read it: "In order to more adequately serve the needs of the Health Sciences students, promote interdisciplinary cooperation, further academic and professional excellence, and to provide an efficient forum for student involvement and representation." He commented that the Council is still a new organization and is concentrating on insuring that all students, from all schools and colleges, are actively involved, enjoy ownership of the process, and contribute, providing continuity into the future.

## Public Comment

There was no public comment.

## Reports from HSC Board of Directors Committees

### Finance, Audit, and Compliance Committee (FACC)

Don Chalmers, Chair, FACC, presented the FACC's recommendations to the HSC Board of Directors:

#### FACC Action Items:

- a. Construction Manager-at-Risk for Adult Hospital Addition. Mr. McKernan briefly presented a history of this item and needs for expansion. Recommendation was made from UNM Facilities and Procurement personnel to employ a Construction Manager-at-Risk and that State law requires that we have an authorizing resolution from the governing board of the educational institution. Recommendation was made that this is a good way to proceed to get this position filled early to work with the architectural design of this 100-bed project and will result in a reduction of approximately one year from Phase II completion of the project with a planned opening date of July 1, 2014; shovel in the ground anticipated for October 2012. Regent Chalmers added that the FACC has approved this item and recommends approval by the HSC Board of Directors with a suggestion that when the Construction Manager-at-Risk search committee is formed that it include a physician as well as an architect that is a University employee, as well as an architect and/or an engineer, or both. Discussion. Dr. Roth added that this is part of the Master Facilities Plan that calls for a 650-bed (to 850-bed) adult hospital, in increments. Further discussion. Motion was made for approval; second; with a vote of 5-0-0 in favor. Motion passed.
- b. Request for Additional Funding to Crenshaw Endowed Chair. Dr. Nancy Ridenour, Dean, College of Nursing, presented background on this Crenshaw Endowed Chair (an estate gift of \$1 Million, etc.) with a requirement to reach \$1.5 Million. This is a request to transfer \$500,000 to the Endowment from one-time F&A funds. An updated memo was distributed. Discussion on definition of "chair" and funding parameters. Motion was made for approval; second; with a vote of 5-0-0 in favor. Motion passed.
- c. Four UNMH Contract Approvals: Owens and Minor, Cerner Corporation, NCO Financial System, and Bernard Hodes Group. Mr. Steve McKernan briefly described these four contracts and noted that they were reviewed and approved by the FACC. Motion was made for approval; second; with a vote of 5-0-0 in favor. Motion passed.
- d. 1650 University Core and Shell Renovation. Kim Murphy, UNM Real Estate, presented briefly on the history and rationale of this item, in the amount of \$4,930,000. This renovation will substantially upgrade the basic systems, the shell, plumbing, mechanical, fire protection installation, meet ADA requirements, energy saving improvements, etc. to this existing building. The cost is favorable at approximately \$47/SF. The shell base cost relative to the acquisition is approximately \$10/SF and estimates are that tenant improvements for occupants will be

approximately \$50/SF. Total renovation cost would be approximately \$110/SF versus approximately \$230/SF for a new building. Discussion and further clarification on how renovations will affect the building (1980 construction) efficiency, with a hot water boiler system to replace the existing mechanical, combined with an energy-efficiency of the shell (primarily the glass and glazing within the building); expectations are that we will realize approximately 50% energy savings above a conventional office building. This building will be used by HSC programs to include programs that are currently housed in leased, off-campus spaces. Discussion. Motion was made for approval; second; with a vote of 5-0-0 in favor. Motion passed.

#### FACC Information Items:

Contract: a) HSC Department of Research/Office of Capital Projects – VWR International, Inc. and b) Internal medicine and Pathology/Office of Capital Projects – VWR International, Inc. Mr. Bruce Cherrin, UNM Procurement, provided a brief background; both items were reviewed by the FACC.

#### General Information Items:

Changes to Lecturer Title. Dr. Leslie Morrison presented information on a proposed change to the title of “Lecturer.” She highlighted that currently the title of “Lecturer” is used extensively on Main campus; less so at the HSC with approximately 50 Lecturers. She presented on the current limitations to faculty with Lecturer title and summarized the proposed enhancements, *i.e.*, promotion possibilities, paid leave possibilities, etc. The proposal has been reviewed by the Committee of Chairs, the Faculty Senate, the HSC Faculty Council, has been presented to the SoM General Faculty meeting, and has received wide approval. Dr. Morrison described the ballot (included in agenda book) as well as positives and negatives. Discussion.

HSC Financial Update. Ms. Ava Lovell presented an HSC financial update as well as an overview of the HSC FY13 budget planning (handout distributed). She highlighted Tuition and Fees, Expenses, use of Reserves, Clinical Operations, UNM Medical Group Revenues and Expenditures, Consolidated Revenues and Expenditures, Balance Sheet by Unit, Endowments, Bonds Payable, SRMC Bond issue, Current Ratios, and Days Cash on Hand. She then discussed the Budget that included highlights of what is planned for the budget, mix of Revenue, Budget Assumptions, Medical Student Tuition, Tuition Differential, Formula & Tuition Increment Transfers, F&A Revenues, Health System budget, State Funding, Academic Enterprise, Projections for 2012, Use of Balances, Reserves. Dr. Roth commented on state appropriations: medical schools are often cited for being too dependent on any one revenue stream. The fear is that if there is one dominant revenue stream, it will subvert the mission of the school in ways that would not represent what is best for their mission. The support from UNM Hospitals at \$86 million now exceeds the total amount we receive from the State of New Mexico at \$76 million. It is not a concern at this point but the trajectory is one he recommends the Board stay aware of. Dr. Roth commented on impact of faculty compensation and how we are falling farther behind on national salary averages, stating it would cost the HSC \$3 million in recurring funds just to bring the HSC faculty who fall

below the 25<sup>th</sup> percentile up to the 25<sup>th</sup> percentile. Dr. Roth alerted the Board that there must be decisions on market adjustments to avoid losing faculty that might jeopardize the enterprise. Dr. Roth added that one area that we will have to secure funding from Reserves is Nursing and explained rationale (impact of 50% cut in funding last year by State). Discussion.

Motion was adjourned at 3:11 p.m.

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Minutes were prepared by Patrice Martin on March 12, 2012.

Approval of Minutes:

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Carolyn J. Abeita, Chair

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Date