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# Minutes of 05/03/2013 HSC Board of Directors Mtg

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**Minutes of the Meeting of the  
UNM Health Sciences Center Board of Directors  
May 3, 2013  
Domenici Center for Health Sciences Education Bldg., Room 3010**

Board of Directors present: Regents Suzanne Quillen, Brad Hosmer, and Conrad James, and Directors Michael Olguin, Mel Eaves, and Ann Rhoades

UNM Leaders present: President Bob Frank

HSC Leaders present: Chancellor Paul Roth, Executive Vice Chancellor Richard Larson and other members of the HSC senior leadership

Others present: members of the HSC faculty and staff

Regent Suzanne Quillen, Chair, called the May 2013 meeting of the Health Sciences Center Board of Directors (the "Board") to order at approximately 2:00 p.m. The Chair noted that a quorum of the members of the Board was present and was established.

Approval of Agenda

A motion was made to adopt the Agenda for the meeting as published. The motion was seconded. There was no discussion. The Motion passed with a vote of 5-0-0.

Approval of Minutes of Prior Meeting

A motion was made to approve the Minutes of the April 8, 2013 meeting of the Board. The motion was seconded. There was no discussion. The Motion passed with a vote of 5-0-0.

Chancellor's Report

Chancellor Roth recognized Regent James for his new role as Chair of the Board's Finance, Audit, and Compliance Committee ("FACC"). Dr. Roth honored and acknowledged the character and professionalism of Dr. Danielle Dienes, School of Medicine Resident, who participated in the Boston Marathon and provided medical assistance to individuals who were injured as a result of the bombings. He introduced Kyle Leggott, School of Medicine student, who is the incoming President of the UNM Health Sciences Center ("UNMHSC") Student Council, replacing David Medrano. Dr. Roth noted that he will provide reports to the Board from time to time. Dr. Roth recognized Dr. Scott Burchiel, College of Pharmacy, who received the 58<sup>th</sup> Annual UNM Research Lectureship Award and Dr. Graham Timmins, College of Pharmacy, who was recognized by the Science & Technology Corporation with receipt of their Innovation Fellowship Award. Valerie Romero-Leggott, the HSC Vice Chancellor for Diversity and Chief Diversity Officer, reported that the HSC Office of Diversity recently hosted the Second Annual HSC Career Day for NM students to receive information on careers at the HSC and that over 100 students

from all over NM participated. Dr. Roth recognized Dr. Sanjeev Arora and announced that Project ECHO has been nationally and internationally recognized and awarded a \$5 Million grant from Robert Wood Johnson Foundation to continue pursuing the ECHO model in New Mexico and nationally. Discussion of accessing the agenda materials through a flash drive which will be provided to the directors ahead of each meeting and also be made available on the Board web site with the intent to go to a paperless system in the future.

Director Olguin joined the meeting.

### UNM Health System Report

Mr. Steve McKernan presented a variety of reports from the UNMH Board of Trustees, the UNM Medical Group, Inc. Board of Directors, and the Sandoval Regional Medical Center, Inc. Board of Directors. Regarding the UNMH Board of Trustees, he highlighted the financial and operational reports, and also noted that UNMH has recently focused on the Joint Operating Plan as it relates to the Strategic Plan and Performance Objectives and how those are being met; he provided a briefing regarding Emergency Preparedness and Incident Management, specifically on what would happen in the event of a disaster/catastrophe in our community and how the UNMH would mobilize and be able to respond. Regarding UNM Medical Group, Inc. (“UNMMG”) he noted the financial overview and performance measures for UNMMG including workload units, collections/billings, etc. Regarding UNM Sandoval Regional Medical Center, Inc. (“SRMC”) he highlighted certain items including covering the budget, the recovery plan, etc. He noted that additional information regarding the recovery plan would be added later in the agenda.

### Public Comment

Regent/Chair Quillen recognized persons in the audience who wished to give public input. Several people presented on the issue of the Reduction in Force of Transcriptionists and a decision by UNMH to move forward with using real time voice recognition technology through Nuance technologies. Discussion. A representative from the Graduate Professional Students Association (“GPSA”) made a short report on GPSA business.

### Reports from HSC Board of Directors Committees

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

Regent/Chair Quillen thanked Director Mel Eaves for his role as Interim Chair of the FACC and thanked Regent/Director James for assuming the role of Chair of the FACC. Director Eaves presented background on the detailed and additional information now being included in the agenda and format required by law.

## Request to Approve HSC FY14 Budget and FY13 Revised Budget

Ms. Ava Lovell presented on the Budget Adjustment Request (“BAR”), a requirement from the NM Higher Education Department that applies only to the Academic Health Sciences Center and the UNM Hospital, which reflects changes to FY13 budget approved last year. This BAR ensures that UNMHSC has enough expenditure authority for the year and to ensure that it is not in jeopardy of exceeding the budget. She reviewed and presented a summary on the academic enterprise and requested adjustments, adding \$7.655 Million of expenditure authority and explained need for same – reduced revenues, one-time expenditures paid out to each employee in approximately August/September 2012 in the amount of approximately \$1,100, and merit increases to faculty (0-2%) that will be paid next year but yet accrued in the current year, etc.

Motion made to approve the HSC FY13 Revised Budget; second; with a vote of 6-0-0 in favor. Motion passed.

Ms. Lovell continued with an overview of the HSC FY14 Budget (approximately \$1.6 Billion; an approximate 3.5% increase over FY13, much driven by a full year at SRMC) noting that there have not been any major changes from the preliminary budget presented at the last meeting of the Board – a slight change in the tuition and fee resulting from Regents’ action on April 9, a small increase in patient care. Her review included information on uncompensated care, assumptions on Health System, Revenues, Expenditures, Net Margin, SRMC, FY13 Revised Budget by Unit, Revenue Assumptions, requests from State, Expense Assumptions, and attrition. Discussion on attrition, exit interviews were proposed. *Action Required: Chancellor Roth will present attrition data at a future HSC Board meeting.* The presentation continued with a summary of Expenses, Net Margin and uses, Revised Budget by Unit, FY14 Budget by Unit, Reserves, UNMH Reserves, etc.

Motion made to approve the FY14 Budget Resolution. Director Eaves commented on the three Resolutions distributed (Approvals of the FY13 and FY14 Budgets and the BAR), one addressing the approval of the BAR. Motion was seconded; with a vote of 6-0-0 in favor. Motion passed. Resolutions are attached hereto.

Director Eaves explained the inclusion of detailed information on General Purchasing Rules & Procedures and his request to Dr. Roth and Ms. Lovell that they put together such information and a presentation on same regarding: UNMH Capital Committee Process, RFP Procedures, GPO Exception, New Sole Source Requirements, and 340B Prime Vendor Program – an overview of purchasing processes used at UNMH. Mr. McKernan made the presentation and provided additional information on the UNMH purchasing processes, *i.e.*, procedures for acquiring items for UNMHSC entities (Request for Proposal (distinguished from Bids), procuring from state agencies, sole source, emergency purchases, Procurement Code) examples were also provided). He also reviewed the UNMH Capital Process, sources of funds, restrictions, capital equipment, etc. Discussion of dollar amount levels for approvals not required to be approved by Regents; undergoing process to make recommendations to address updating approval levels. Discussion.

Request to Approve UNMH Contracts with Siemens Medical Solutions, USA, Inc. for Patient Accounting System and Interventional Radiology CT.

Mr. McKernan presented background on Health System Enterprise's Patient Accounting System by Siemens Medical Solutions, USA, Inc. The FACC approved and presents a Resolution on same. Motion was made to approve the Resolution; second; with a vote of 6-0-0 in favor. Motion passed. Resolution is attached hereto.

Mr. McKernan provided background regarding an Interventional Radiology CT scanner. Two old scanners will be traded in and the UNMH will acquire a new scanner to assist with interventional procedures. Discussion. Motion was made to approve the Resolution; second. Further discussion on rationale for depth of detail provided. Vote of 6-0-0 in favor. Motion passed.

FACC Information Items

UNMH Contracts with Hill Rom Company, Inc., Philips Medical (Radiology Ultrasounds), Philips Medical (Vascular Ultrasounds), Philips Medical (Direct Digital Radiography), GlaxoSmithKline Vaccines, Skytron, GE Healthcare.

Mr. McKernan presented background on UNMH contracts with Hill Rom Company, Inc., Philips Medical, GlaxoSmithKline Vaccines, Skytron, and GE Healthcare, adding that these contracts cover costs for beds, ultrasounds, item for Radiology room, immunizations.

Regent/Chair Quillen recognized and welcomed Senator Lopez who joined the meeting at this point. Senator Lopez noted that she wanted to obtain additional information regarding the issues presented by the Transcriptionists and the retention of their jobs at UNMH. She also noted that she hoped that UNMH would treat them with compassion.

SRMC Update.

Mr. McKernan provided a follow-up and update on SRMC's Recovery Plan and 2013 Financial Performance, specifically noting that currently SRMC's financials are running behind original projections and why that is the case. The presentation included: slower ramp-up in number of inpatient and outpatient clinics, complexity of patients have been lower than originally forecast, licensing issues, the length of time it took to get the Medicare billing number, community physicians issues, issues with payers, Case Mix Index ("CMI"). Discussion. Dr. Mike Richards added information on 24-hour critical care and the 24-hour renal consultation with in-house dialysis services (length of stay), tracking transfers of critical patients and cardiac patients; he noted that the catheterization lab to be built-out within a year. The CMI expected to increase soon; discussed credentialing and initial delay that is now rectified; hospitalist issue, integrated ICU model, medical specialty issue covered (Critical Care, Renal, Dialysis),

patient transfers, etc. Mr. McKernan continued his presentation on expanding and enhancing surgical services, physician recruitment issues (resolved with a hybrid model: current physicians exclusively at UNMHSC will begin to perform a portion of their services at SRMC). Dr. Roth explained complexities of what draws physicians to academic medicine – the opportunity to teach – a very different type of physician from a physician who is comfortable with private practice. Discussion of long-term plans; teaching efforts, residency programs, fellows at SRMC – currently in beginning stages; anticipate that SRMC will have the volumes to become a teaching hospital. Mr. McKernan continued by discussing inpatient capacity, resolving outstanding payer issues, enhancing marketing, revenue enhancements and operating expense reduction. He noted that SRMC’s patient satisfaction scores are very high. Director Rhoades was recognized for her valuable input during the SRMC start-up. Examples of integrating community physicians – working with private providers rather than competing. Discussion of mil levy and emphasis on community. Discussion.

#### Reduction in Force UNMH Transcription.

Mr. McKernan recognized the public input heard earlier in the meeting. He provided background on rationale for the reduction in force regarding UNMH transcriptionists, *i.e.*, rapid advancements in voice recognition software; he explained management’s thought process on this recommendation. The best practice goal is for all the medical record documentation to be completed before the patient leaves the clinic to be in compliance with the new national standards for “meaningful use” requirements requiring that all documentation be completed on the same day. This can only be done by utilizing computer-based transcription services where physicians dictate into the computer. He gave background on plans to amend the current contract with Nuance; discussed plans for Nuance to offer the employees an opportunity to work for them. He noted that UNMH is willing to return to negotiations with the Union to try and seek a resolution. Discussion on Affordable Care Act penalties for not meeting turnaround time on transcription and deadline for being in compliance; ways UNMH could help employees impacted by layoffs; technology changes and the state’s role to provide training for citizens to be able to find jobs; other opportunities in community for these employees. Discussion.

#### HSC Financial Update.

Ms. Lovell gave a brief monthly UNMHSC financial update including Net Income, Use of Balances, Expenditures, etc. Discussion on whether or not there are recognized benchmarks on Reserves. *Action Required: Ms. Lovell will work with Board to establish what the Board would like to see regarding Reserves, recognized benchmarks – what is a reasonable figure and why reflecting sound business practices.* Dr. Roth added information on the two segments of the enterprise – the Health System and the academic segment -- a need to work with UNM as a whole on identifying a reasonable amount of Reserves in any category of Committee, Dedicated or Discretionary; suggested Provost Abdallah be consulted. He noted that in the past an effort had been made to seek out national benchmarks but to no avail. He suggested that the Board and Regents would need to help set an internal metric/target; State and its recommendations on I&G Reserves discussed. Discussion.

### FY2013 Year-End Audit Update.

Ms. Lovell briefly presented on the FY13 Year-End Audit process, which begins next week, testing items, *i.e.*, approvals for those who receive pay raises; return in July/August after our books are closed for June 30 year-end and complete all audit work.

### UNMH Outpatient Pharmacy Audit.

Mr. McKernan briefly presented on the UNMH Outpatient Pharmacy Audit as part of the regular process – an external firm performs an internal audit at the Hospital and the findings.

### General Action Item

Approval of Revisions to Open Meetings Policy to Conform to Requirements of HB21. Mr. Scot Sauder presented regarding a matter that came up during the most recent Legislative Session, specifically that the NM Legislature enacted House Bill 21 and the Governor signed it into law, which changed the notice requirement for public meetings, and with which the HSC Board of Directors must comply per the NM Open Meetings Act. The new notice requirement for publishing an agenda changed from 24 hours to 72 hours. Discussion and clarification that the amendments do nothing other than make the necessary changes to conform to the Statute. Motion made to approve the Resolution to amend the Open Meetings Policy previously adopted by the HSC Board of Directors accordingly; second; with a vote of 6-0-0 in favor. Motion passed. Mr. Sauder added that each of the subsidiary Boards, although not required to do so, have Open Meetings Policies for transparency purposes and each of those entities have adopted similar Resolutions and that the UNMH Board of Trustees will entertain such a policy at their May meeting.

### General Information Item

### KSA Strategic Plan Update.

Mr. McKernan presented a history of consultants employed and their recommendations since 2009; studied Health System Vision, etc. Discussion on Vision; question on national benchmarks to grade community health. Dr. Roth added background and comparisons to other institutions and our Strategic Plan, vision/purpose versus theirs, *i.e.*, research/grants' efforts; efforts already performed by UNMHSC on setting performance plans, metrics, incentives, etc. to determine success in meeting established outcomes/metrics. Discussion on setting of goals; is there a baseline or a mechanism to recognize achievements; what constitutes health and health equity; Office of HSC Community Health uses national benchmarks that determine health status and this has been drilled down to a community level, identifying the top metrics that are in particular to the State of New Mexico, *i.e.*, childhood obesity, diabetes and it is fully incorporated in the plan and separately, we indicate those particular metrics and these are not only imbedded in the plan but shown on a separate document as well. Dr. Roth offered to arrange a session to provide a review of the substantial efforts at both the highest level but also how

it is drilled down to the individual units of the Hospital, clinics, academic departments and divisions to list specific action items and the elements of this Strategic Plan are incorporated into and reviewed in annual performance evaluations; at year's end incentives are determined by the extent to which individuals and departments have achieved the metrics; the UNMH has a similar process performed every six months. The Strategic Plan is a "living" document and the guidance/advice of the Board will continue to be sought. Regent/Director Hosmer commented that it is "important to preserve the division of labor between Board business and your [HSC] business ... I am more concerned that, as a Board member, I can look at Vision and first layer and understand how well it's going -- for that purpose, I need concrete criteria." Dr. Roth pointed out that these kinds of Vision statements and the effort on the part of the institution as it relates to needs of the community and the populations of New Mexico, is different than most other institutions -- the UNM Health Sciences Center's premise and purpose for existing has been to address the health care needs of New Mexico; it is an outward-reaching premise rather than inward. Regent/Director Hosmer added that it is important for the Board to understand how to hold Dr. Roth and the HSC responsible for achieving goals. Director Eaves agreed adding that, "Under our organizational structure, you [Dr. Roth] and the President are supposed to set goals for Dr. Roth every year and an evaluation submitted to the [HSC] Board ... I would like to know when we could expect to see that evaluation." President Frank responded that it had been discussed at a meeting with Dr. Roth that very day and although the evaluation is not yet finalized, he recognized that it needs to be done. *Action Required:* President Frank noted that he and Dr. Roth had agreed to have Dr. Roth's performance evaluation completed by June. Director Eaves added that it is the HSC Board of Directors' responsibility to review Dr. Roth's evaluation and then are required to forward it up to the Regents. This is an important process that is important to Board members. Mr. McKernan continued with plans for KSA to help form a Strategic Plan, clinical focus/growth programs, Health System identity, strengthen clinical relationships, improvement of patient access (*i.e.*, optimize SRMC platform); discussion of potential for informing New Mexicans on their options on insurance programs; legalities of insurance exchange and enrolling citizens. Discussion on impact/need to educate citizens on the exchange; work with community groups to help educate people to UNMHSC; culture of excellence strategies; maintaining operational and financial strength; strategic partnerships; patient management and health strategies. Mr. McKernan added information on Strategic Plan – explore Strategic Partnerships, especially with local providers of preventive care and post-acute care; patient management. More information on the Strategic Plan will be provided in upcoming meetings.

Motion was made to close the open session and move into executive session; second; with a vote of 6-0-0 in favor. Motion passed.

Directors Hosmer, Eaves and Olguin left the meeting.

Following the Executive Session, a motion was made to reconvene in open meeting session and certification that only those items described in XI of the agenda were discussed in Executive Session; second; with a vote of 3-0-0 in favor. Motion passed and the meeting was adjourned.

Minutes were prepared by Patrice Martin on May 14, 2013.

Approval of Minutes:

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Regent Suzanne Quillen, Chair

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Date