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# Minutes of 10/04/2013 HSC Board of Directors Mtg

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**Minutes of the Meeting of the  
UNM Health Sciences Center Board of Directors  
October 4, 2013  
Domenici Center for Health Sciences Education Bldg., Room 3010**

Board of Directors present: Suzanne Quillen, Chair, Lt.Gen.Brad Hosmer, Conrad James, Michael Olguin, Ann Rhoades, and Mel Eaves

UNM Leaders present: President Bob Frank

HSC Leaders present: Chancellor Paul Roth and other members of the HSC senior leadership

Others present: members of the HSC faculty and staff

Regent Suzanne Quillen, Chair, called the meeting of the Health Sciences Center Board of Directors (the "Board") to order at 2:08 p.m. The Chair established that a quorum of the members of the Board was present.

Approval of Agenda

A motion was made to adopt the published agenda. The motion was seconded. There was no discussion. The motion passed with a vote of 5-0-0.

Note: Effective at today's meeting, Director Olguin did not vote as per the change in Regents Policy 3.5 and the Bylaws of the Board, which were approved by the Board at its September 6, 2013 meeting and by the Board of Regents at their September 10, 2013 meeting.

Approval of Minutes of Prior Meeting

A motion was made to approve the minutes of the September 6, 2013 meeting of the Board. The motion was seconded. There was no discussion. The motion passed with a vote of 5-0-0.

Dr. Holly Buchanan announced the beginning of an annual series to celebrate reading through the "READ" program and thanked Dr. Paul Roth for being the first "celebrity" to allow his photograph onto the inaugural poster.

Chancellor's Report

Chancellor Roth introduced Dr. Douglas Clark, the new chair of the Department of Pathology. Dr. Roth invited the Directors to the HSC tent at the 2013 International Balloon Festival. His additional announcements included the College of Nursing and College of Pharmacy's administration of 782 free flu vaccines; UNMH provided free flu vaccines at today's meeting. He announced that there was a successful screening of a video entitled "Escape Fire: The Fight to Rescue American Health Care" and the

ensuing panel discussion regarding health reform. He added the importance of better communication in providing advance notice (provide a calendar) of these types of events in the instance that Directors could participate. Dr. Roth announced that Dr. Robert Loftfield received the very distinguished School of Medicine Living Legends Award that recognized Professor Loftfield's remarkable career.

Discussion was held on the U.S. Government's shutdown and resulting effects on the Health Sciences Center.

#### UNM Health System Update Including SRMC Update

Mr. Steve McKernan distributed informational materials and provided an update on the UNM Health System that included a balance sheet for the combined Health System and an update on the Sandoval Regional Medical Center including activity levels, income statement, statistics on admissions, length of stay, financials with SRMC showing a \$3 million loss, net operating revenues are up, expenses, one-time, non-recurring funding in the amount of about \$12 million from Sandoval County last year, and mill levy funding of about \$8.5 million per year; problems with patient access. A review of SRMC included reporting on admissions (increasing), daily census (increasing), surgical cases (increasing), and diagnostic procedures (flat). There was discussion on the need for 5 to 10 additional physicians at SRMC and Dr. Mike Richards added that current work is targeting the continued increase of surgical volumes, additional surgeons who will begin doing cases at SRMC, recently added a full-time EMT surgeon, the new Chief of General Surgery will base a significant portion of his practice at SRMC with a specialty area of Bariatric Surgery; there is a focus on clinical visits and increasing the number of Primary Care providers. Mr. McKernan responded to questions concerning the reversal of the trend of patients coming from SRMC to UNMH and relief SRMC has provided to UNMH in respect of the latter's capacity problems; the "Doctor of the Day" Program; and the Physician Access Line. Mr. McKernan continued his update with information on the SRMC Recovery Plan. He added that because of the presence of Ms. Ella Watt, serving in her capacity as the UNM Health System Chief Financial Officer and as Interim Chief Financial Officer for SRMC (on a contracted basis) in overseeing the SRMC Finances taken together with the efficiency measures that are now in place, there is much more confidence in the oversight of the financial affairs at SRMC. A discussion was held on clinical outcomes at SRMC. There was a brief discussion on SRMC's debt covenant compliance and the avoidance of default at SRMC and a potential cash infusion if necessary.

Mr. McKernan next provided a status report on the Rehoboth McKinley Hospital project in Gallup, New Mexico stating that last week Legacy Health Partners (LHP) began the due diligence process in earnest. UNM is coordinating with LHP on that process. He noted that UNM is coordinating with First Southwest (financial advisor for UNM) and a meeting will be held next week on how they will be involved with due diligence on the possible LHP and UNM joint venture acquisition of Rehoboth McKinley. Mr. McKernan advised that separate due diligence is being done for UNM on LHP to assure that LHP is a viable partner for UNM on a long-term basis. Dr. Mike Richards provided a briefing on his meeting in Gallup with the Rehoboth McKinley medical staff regarding their comfort level, where they are delivering clinic services, historical challenges; the medical staff was uniformly very positive about the potential affiliation with

the UNM Health System, with significant benefit to them and the community. Scot Sauder, Senior Associate University Counsel, and Mr. McKernan, respectively, responded to questions concerning the employment of legal counsel and one of the big accounting firms (versus relying on First Southwest) to participate in the due diligence process. Mr. Sauder advised that the University is considering the retention of the Rodey Law Firm to analyze and opine on real estate issues associated with the Rehoboth lease with McKinley County, and potentially health care counsel to advise on certain physician contracting matters of legal significance. At this time, President Frank provided input to the Board on the outcomes of his meetings with Senator Munoz, community members and Chairman of the Rehoboth McKinley Hospital Board, etc. President Frank stated that in general, the feedback was very positive for and supportive of this collaboration.

The discussion next turned to activity levels and increase in patient volumes at SRMC/UNMH. Mr. McKernan stressed that we should not fail to recognize the ways in which SRMC is lessening the capacity load, allowing substantial greater flexibility in providing access to the UNM Health System and that the UNM Health System is tracking this. Mr. McKernan advised that work is still needed in the areas of finances and practices moved to SRMC as well as additional services.

The discussion next turned to the 96-bed hospital project.

*Action Required: Mr. McKernan will bring the Weekly Census Report, on total bed capacity and on how SRMC is lessening the load overall, to future Board meetings.*

Mr. McKernan advised that as a part of the UNM Health System's strategic planning there is a major initiative relative to funds flow methodology for the HSC that includes budgeting. KSA is scheduled to brief President Frank next week with plans to bring results to the Board for review. KSA is also consulting regarding the IT plan and recommendations will be brought back to the Board in about three months.

Mr. McKernan advised that planning is in progress on the impact of the Affordable Care Act (Mr. Rodney McNease presenting later in this meeting). The UNM Health System is organizing retreats with the UNMH Board and the chairs of the clinical departments and chief clinical leaders to allow for the exchange of ideas that allows for appropriate changes to the Operating Plan by January, calibrating it to the Strategic Plan. Results will be shared with the Board.

#### Public Comment

There was no public comment.

## Reports from HSC Board of Directors Committees

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

#### FACC Action Item

#### Resolution Recommending Approval of Establishment of UNM School of Medicine Department of Psychiatry Quasi-Endowment Funds

Regent/FACC Chair James introduced the one FACC action item and Dr. Mauricio Tohen, Chair of the Department of Psychiatry, provided rationale on the request for two quasi-endowments. They will assist the Department of Psychiatry in its efforts to fulfill their three missions. The first request is for an endowment in the amount of \$1 million, with matching funds of \$500,000 for a senior physician and the second requested endowment is in the amount of \$500,000 and to seek matching funds for a total of \$1.5 million for a vice chair for Behavioral Sciences to strengthen the department and collaborations and the second request is for vice chair for either Community Psychiatry or Addictions. As a rural state, addictions are a major health concern throughout the state of New Mexico and this is an obligation of Psychiatry and Behavioral Sciences to have a seat at the table in terms of outcomes of medical conditions. Dr. Tohen emphasized that the goal is not only to target Psychiatry but Behavioral Sciences. He added that he hopes to formally change the name of the Department of Psychiatry to Psychiatry and Behavioral Sciences.

A Motion was made to approve the Resolution for Approval of the Establishment of UNM School of Medicine Department of Psychiatry Quasi-Endowment Funds, a copy of which is attached and made a part of the official Minutes. The motion was seconded; discussion that included a definition of “quasi-endowment.” A vote was held with an outcome of 5-0-0 in favor. Motion passed.

#### FACC Information Items

#### UNMH Contracts with Medtronics USA, Inc. and the County of Bernalillo

Mr. McKernan provided a brief background on the UNMH contracts with Medtronics USA, Inc. related to needs in surgical rooms and the County of Bernalillo related to support for the Milagro Program.

#### HSC Financial Update

Mr. Mike Schwantes presented an HSC financial update that included metrics on the Health Sciences Center for first quarter FY13 on operating net margin, net income/use of reserves, uncompensated care, days cash on hand, accounts receivable greater than 90 days, research, I&G, and the 2014 Fiscal Year-to-Date Summary through August 31, 2013. Discussion.

### HSC FY13 Reserves and Carry Forward Balances

Mr. Schwantes presented data on FY 2013 categorization of reserves, unrestricted reserves summary, ending reserves by organization level. Discussion.

### Proposal Regarding Threshold for Board/Regent Approvals

Dr. Paul Roth presented a rough draft proposal for possible thresholds that Ms. Lovell had created after reviewing other academic health centers. He noted that this draft is currently in discussion-stage, that it has been reviewed with Mr. David Harris, and that he agreed that these were reasonable numbers. The plan is to have more discussion on these proposed thresholds at the next FACC meeting and then to bring recommendations forward to the November 2013 meeting of the HSC Board of Directors. Discussion.

### HSC Capital Projects Update

Mr. Bob Fondino provided a status on the HSC Capital Projects schedule that provides a snapshot of the projects that included prioritizing, project amounts, HED approval limit for capital projects is \$300,000 (same threshold as the UNM Board of Regents' threshold), projects greater than \$750,000 go to the State Board of Finance for approval. Projects include the status of 96-bed hospital project which is on hold. Discussion on length of time for approval process. Other projects are 3401 Fourth Street Clinic build-out, UNM Psychiatric Center HVAC replacement, UH main lab upgrade, UH main nurse call system upgrade, Orthopedic Rehab Clinic renovation, ACC5th floor renovation, 2130 Eubank land build-out, 3401 Fourth Street clinic land purchase, 2130 Eubank land purchase, purchase of NMDOT land at the northeast corner of I-25 and Lomas, UH Main, Safety, Pharmacy Order & Picking Area, 1650 University Interior build-out, 923 Vassar (has been sold to a private party), and backfills. Discussion on rationale for clinic at Eubank/Menaul, upgrades to UNMH facilities, HED or Board of Finance approval for renovations and wording/intent of State Statute. *Action Required: Request to see language in State Statutes and Policies specifically to the difference between "renovations" and "maintenance."*

### Update: Health Reform Activities

Mr. Rodney McNease provided a broad update on current Health Reform activities and the impact to the Health System including information on Centennial Care, New Mexico Health Insurance Exchange, and the current financial assistance programs (UNM Care Program, UNM SCI Program). Discussion on gaps that may exist in New Mexico, Medicaid, out of pocket fees, coverage for students and part-time employees, outreach for sign-up, catastrophic plan, ACA, changes as of January 1, potential to co-brand with BCBS and Molina.

General Information Items

Review: HSC BoD Action Required Log

The Board reviewed and made edits to the current Board Action Required Log provided in the agenda book. Discussion included discussion and confirmation that issues covered by sub-Boards are provided to the Board on items such as clinical outcomes, quality measures, report on Fisher v. University of Texas, draft resolution regarding decision thresholds, etc. Dr. Mike Richards announced that Dr. Rick Crowell has been appointed as the Health System Chief Quality and Safety Officer whose responsibilities will be to aggregate the overall clinical platform, clinical outcomes and safety metrics. Dr. Crowell will be bringing information to the Board in the future.

Chair Quillen noted that copies of the Minutes from the UNM Hospitals Board of Trustees, the UNM Medical Group, Inc. Board of Directors, the UNM Sandoval Regional Medical Center, Inc. Board of Directors, the OMI Board of Directors, and the Carrie Tingley Hospital Advisory Board were provided as informational documents.

No Executive Session was held.

A motion was made to adjourn the meeting. The motion was seconded. No discussion; with a vote of 5-0-0 in favor. Motion passed.

Minutes were prepared by Patrice Martin and finalized on October 9, 2013.

Approval of Minutes:

\_\_\_\_\_  
Regent Suzanne Quillen, Chair

\_\_\_\_\_  
Date

Attachment:

1. Resolution Recommending Approval of Resolutions Authorizing Establishment of UNM School of Medicine Department of Psychiatry Quasi-Endowment Funds.