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Minutes of 11/08/2013 HSC Board of Directors Mtg

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**Minutes of the Meeting of the
UNM Health Sciences Center Board of Directors
November 8, 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 (via phone), and Mel Eaves

UNM Leaders present: President Bob Frank

UNM Health Sciences Center ("HSC") Leaders present: Chancellor Paul Roth and other members of the HSC senior leadership

Others present: members of the HSC faculty and staff

The Chair, Director Suzanne Quillen, called the meeting of the UNM Health Sciences Center Board of Directors (the "Board") to order at approximately 1:10 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 4-0-0. Director Eaves 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 October 4, 2013 meeting of the Board. The motion was seconded. There was no discussion. The motion passed with a vote of 4-0-0. Director Eaves was not in the room and did not vote.

Comments from Directors

Director Hosmer commented on Sandoval Regional Medical Center, Inc. (SRMC) and his hope that the Board will see good indicators of a turnaround. Discussion.

Chancellor's Report

Chancellor Roth addressed Director Hosmer's comment regarding SRMC, noting that there is an effective plan that has been implemented with early indicators that reflect significant progress. He added that detailed information is planned during the UNM Health System Update on the agenda. Dr. Roth then reported the completion of the Fifth Annual Excellence in Faculty Research Awards and recognized the recipients: Dr. Nora Perrone-Bizzozero (Neurosciences), Dr. Kathleen Haaland

(Psychiatry), Dr. Deborah Helitzer (Family and Community Medicine), and Dr. Pamela Hall (College of Pharmacy). He also announced that Dr. Angela Wandinger-Ness (Pathology) has been chosen by the German Academic Exchange Service to serve as a research ambassador. *Action Required: the Directors requested that the names and addresses of the awardees be shared with the Board in order to send notes of recognition.*

Regent/Director James recognized the HSC leadership regarding a letter of thanks received from a local physician on the excellent care he had received as a patient in the Emergency Room. Discussion.

UNM Health System Update Including SRMC Update

Mr. Steve McKernan brought the Board's attention to the written report provided in the Board agenda books that included information on the status of the Rehoboth-McKinley project (in Gallup), strategic planning and quality initiatives, reviewed the Health System aggregate reports, and did a review of the status of SRMC. He reported that we are still in the due diligence phase on the Rehoboth-McKinley project with Legacy Health Partners receiving baseline data on referral patterns, identifying practicing physicians in Gallup, and what hospital model of operation would be most beneficial (struggles with geographic referral, sole community provider issues, Centennial Care, etc.).

On strategic planning, Mr. McKernan noted that a number of initiatives are underway. Work is being performed on the information strategic plan with Dr. Richard Larson leading that effort with retreats being held among the components (to set operating plan for the new calendar year). It is estimated that a report will be presented to the Board in January 2014. Regarding the impact of the Affordable Care Act ("ACA"), major focuses are hiring temporary employees to help patients navigate the new requirements, preparing for the impacts of Medicaid to the state, implementation of Centennial Care, and managing contracts with providers. Discussion of impact of high deductibles and possibility that UNM Hospital ("UNMH") be allowed to offer financial assistance for out of pocket expenses to encourage patients to sign up for the exchanges.

Mr. McKernan summarized information on the UNM Health System (includes UNMH, SRMC, and UNM Medical Group ("UNMMG")), reviewing total net patient revenues, total operating expenses, total operating loss, total increase/decrease in net position, and Sandoval County mill levy. Discussion. He reviewed UNM Health System statistics including patient days, length of stay, increase in volumes, outpatient visits, urgent care and emergency room statistics, total operations, and balance sheet. Discussion.

Mr. McKernan reviewed SRMC statistics including available cash, outstanding vendor payables, required monthly mortgage payment, reserve fund, losses, depreciation, cash burn rate, cash available on hand, average daily census, patient days and reimbursements, supply costs, increased utilization of operating room, revenue cycle improvements, and income statement. Discussion on tracking denial rate and the reasons and goals to increase length of stay, referrals from rural New Mexico, methodology being created to properly reimburse SRMC for UNM Care patients taken care of on an elective basis at SRMC,

specialty care and community physician involvement, appropriate use of mill levy funds, elective surgeries, mix of patients, subspecialty care success, UNM Care services versus Centennial Care and impact. Mr. McKernan's review continued. He reviewed SRMC's income statement (depreciation discussed), cash flow statement, and balance sheet. Discussion on explanation of depreciation, average equipment life, possible cash infusion, putting SRMC's growth in context over last month due to the implementation of the recovery plan, noted that strategies are already showing positive results with great potential in the future. Mr. McKernan provided information on required vaccines and options. Discussion.

Director Eaves joined the meeting.

Update: HSC Student Council

President Kyle Leggott gave a brief update on activities of the HSC Student Council noting that two full Council meetings have been held with 24 representatives attending each, in October the HSC Student Council in conjunction with the NM Medical Reserve Corps and the UNM Family Practice Clinics coordinated two free drive-through vaccine clinics, enjoyed good collaboration, also held a Fit for Fun 5K to benefit the UNM Healthy & Fit Children's Clinic. The HSC Student Council is currently working on a partnership with the Albuquerque Opportunity student managed health clinic, and an ACA lecture series is planned. Discussion.

Public Comment

There was no public comment.

Reports from Board Committees

Governance and Nominating Committee ("GNC")

GNC Action Item

Request for Approval of the Nomination of Mr. Jerry Geist to the SRMC Board of Directors, Serving as a Class A Director Whose Term, per the Amended and Restated Bylaws of SRMC, Inc., will expire on June 30, 2016

Chair Hosmer presented the recommended approval of the nomination of Mr. Jerry Geist to the SRMC Board of Directors, serving as a Class A director whose term, per the Amended and Restated Bylaws of SRMC, Inc., will expire on June 30, 2016.

A motion was made to approve the nomination of Mr. Jerry Geist to the SRMC Board of Directors, serving as a Class A director whose term, per the Amended and Restated Bylaws of SRMC, Inc., will expire on June 30, 2016. The motion was seconded. There was no discussion. The motion passed with a vote of 5-0-0.

Finance, Audit, and Compliance Committee (“FACC”)

FACC Action Items

Resolution Recommending Approval of UNMH Capital Projects: UNMH North Fourth Street Clinic Architect and Engineering Approval, UNMH Laboratory Renovation, and UNMH Outpatient Physical Therapy Rehabilitation Clinic Renovation.

Chair James introduced the UNMH Capital Projects and Mr. Steve McKernan provided rationale on the three architecture requests on North Fourth Street Clinic, Laboratory Renovation, and Outpatient Physical Therapy Rehabilitation Clinic Renovation.

A Motion was made to approve the Resolution for Approval of the UNMH Capital Projects: UNMH North Fourth Street Clinic Architect and Engineering Approval, UNMH Laboratory Renovation, and UNMH Outpatient Physical Therapy Rehabilitation Clinic Renovation, a copy of which is attached and made a part of the official Minutes. The motion was seconded. A vote was held with an outcome of 5-0-0 in favor. Motion passed.

Request for Approval of Resolution for UNMH Contract with GE Healthcare IITS USA Corporation

Chair James introduced the UNMH Contract with GE Healthcare IITS USA Corporation and Mr. McKernan provided the rationale on the diagnostic equipment for the operating rooms.

A Motion was made to approve the Resolution for UNMH Contract with GE Healthcare IITS USA Corporation. The motion was seconded. A vote was held with an outcome of 5-0-0 in favor. Motion passed.

FACC Information Items

HSC Financial Update

With Chair James’ introduction, Ms. Ava Lovell presented an HSC financial update that included metrics on operating net margin, total net income, use of cash. Discussion on faculty at SRMC and support of their salaries. Ms. Lovell continued by presenting on uncompensated care and how to track it, days cash on hand and depreciation reserves, uncommitted reserves (10 days). Discussion. The presentation continued on accounts receivable greater than 90 days, research proposals and awards are up and greater than the national trend. Discussion. Ms. Lovell continued with a summary on the academic

units, tuition revenue, I&G appropriation, RPSPs (discussion), state cigarette tax, expenditures, and Consolidated HSC 2014 Fiscal Year-to-Date Summary including operating margin, SRMC losses. The Board recognized Ms. Lovell for her initiative on providing clear documentation reflecting metrics. Discussion on depreciation and question on whether HSC depreciation is being recorded in the standard accounting manner. *Action Required: The Board requested including data that would include depreciation to better account for true net operating margin that reflects the health of the UNM Health System – “Income Depreciation” and then “Depreciation.”*

Proposal: Threshold for HSC Board/UNM Board of Regents Approvals

Chair James introduced the discussion item before the Board on proposed thresholds for HSC Board and UNM Board of Regents approvals and Dr. Paul Roth provided a brief history. Ms. Ava Lovell provided an update on proposed thresholds, an analysis of thresholds at peer institutions, the definitions page included, Regents Policy 7.8. Discussion on peer institutions and questions on why the proposed thresholds are still substantially below what is employed at peer institutions. Mr. Scot Sauder provided rationale of levels chosen. *Action Required: The Board requested that a column be added to the final Threshold document that reflects the average of peers for each item.* Ms. Lovell continued her presentation that included information on recommended changes. Discussion of power, constitutionally, of Regents in the states of peer institutions (*i.e.*, University of Florida), and comfort level and trust of Regents and the Board have with leadership, and getting feedback from Regents and confirmation of final decision resting with the Regents. Responding to a question from Regent Hosmer, President Frank stated that he was comfortable with the draft document and felt it was fairly conservative and recommended “we take the big step rather than a baby step.” President Frank added that he has asked Marc Saavedra “to investigate tagging with this a proposal that we would take to the legislature about having our inventory process updated so we’re not inventorying objects that cost ten cents...” and noted that the only caveat he would ask for is “that the President should approve all legal settlements, no matter the amount, before they go forward.” He asked that this be reflected on the draft document and offered his appreciation for the work the HSC has done to push this issue forward. Discussion among the Directors on suggestion of doubling the thresholds under finance and discussion of placing a cap of any items more than \$5 million be approved by the Regents on items approved in the budget; request to keep Regents informed on items approved at lower levels. Decision reached was that the draft document should go to the Regents, as an information item at the Regents’ November 12, 2013 regularly scheduled meeting.

Ms. Lovell continued by discussing capital projects, comfort levels of FACC and the Board, and the need to clarify the definition of “capital projects.” Discussion.

General Information Items

UNM School of Medicine 50th Anniversary Plans

Dr. Jeff Griffith presented highlights of current plans for celebrating the UNM School of Medicine's 50th Anniversary and to bring awareness to what the UNM School of Medicine does, *i.e.*, book being published (authored by Dr. Dora Wong, Psychiatry, and published by UNM Press), a faculty memorial (designed by Ms. Kristy Williams, 2012 graduate of UNM School of Architecture and Planning), reunion for entering class, traveling exhibits, Living Legends Award, fundraising gala to raise funds for endowed scholarships, event for Legislators, membership drive to La Tierra Sagrada Society providing student scholarships, etc. Future updates will be provided.

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.

Chair Quillen noted that copies of the Minutes from the UNMH Board of Trustees, the UNMMG Board of Directors, and the UNM SRMC Board of Directors were provided as informational documents.

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

A motion was made for the Board to reconvene in open session and to certify that only those matters described in agenda item XII were discussed in executive session. The motion was seconded. No discussion; with a vote of 5-0-0 in favor. Motion passed.

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 November 19, 2013.

Approval of Minutes:

Regent Suzanne Quillen, Chair

Date

Attachments:

1. Resolution Recommending Approval of UNMH Capital Projects: UNM Hospital North Fourth Street Clinic Architect and Engineering Approval, UNM Hospital Laboratory Renovation, and UNM Hospital Outpatient Physical Therapy Rehabilitation Clinic Renovation.
2. Resolution Recommending Approval of UNMH Contract with GE Healthcare IITS USA Corporation.