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Minutes of 05/01/2015 HSC Board of Directors Mtg

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**Minutes of the Meeting of the
UNM Health Sciences Center Board of Directors
May 1, 2015
1650 University Blvd., NE, Room 2900**

UNM Health Sciences Center Board of Directors (the "Board") members present: Robert Doughty, III, Chair, Jack Fortner, Vice Chair, Marron Lee, Ann Rhoades, Michael Olguin, and John Eaves (by phone).
UNM Leadership present: Regent Lt. Gen. Bradley Hosmer, Dr. Bob Frank, President
UNM HSC Leadership present: Paul Roth, MD, MS, Chancellor for Health Sciences, and additional members of the Health System and Health Sciences Center leadership
Others present: members of the UNM and HSC faculty and staff

Chair Robert Doughty called the meeting of the Board to order at approximately 9:04 a.m. The Chair announced that a quorum of the members of the Board was present.

Approval of Agenda

A motion was made to approve the agenda. The motion was seconded. 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, 2015 meeting of the Board. The motion was seconded. There was no discussion. The motion passed with a vote of 5-0-0.

Comments from Directors

There were no comments from Directors. Chair Doughty introduced the new Board.

Chancellor's Report

Dr. Paul Roth welcomed all to the newly renovated 1650 University Blvd. building allowing space for the expansion of the UNM College of Nursing, Project ECHO, HSC Business and Finance, and the Poison Control Center. He announced that the Clinical and Translational Science Award has been renewed in the amount of approximately \$23 million. Dr. Roth provided a brief history of this award and introduced Dr. Richard Larson who provided a description of the award. A discussion was held on the number of jobs (about 150) this award brings into New Mexico.

Vice Chair Fortner interjected that the May 21, 2015 proposed date for the joint meeting of the UNM Board of Regents and the HSC Board of Directors, if flexible, could be held in conjunction with the UNM Board of Regents' planned retreat. He proposed that the Regents' retreat be a half day and the joint retreat be held the same day for half a day around mid- to late June. A discussion was held on the timeline and the need for appropriate approvals culminating with requesting Regents' approval at their regularly scheduled June 12, 2015 meeting. Dr. Roth gave an update on HSC marketing efforts. Mr. Billy Sparks provided background and showed a new commercial.

UNM Health System Update

Mr. Steve McKernan highlighted the consistent theme on bed capacity issues at the UNM Hospitals, community clinics and at Sandoval Regional Medical Center, Inc. He announced that on May 15, 2015 there will a ribbon cutting ceremony and grand opening for the North Fourth Community Care Clinic and noted there was much community involvement in the decisions on what would be included in the clinic. Mr. McKernan provided comment on the HS Strategic Planning process underway, noting that it is recommended that plans be started now on investing in our communities to build infrastructure so patients can access preemptive care; costs for a patient seen at a clinic versus the hospital are the same. Dr. Richards added information on disease management programs, utilization of health care, current reimbursement models (fee for service) as economical now but an essential investment because reimbursement models will change (more capability to contain costs).

With the approval of Chair Doughty, Dr. Michael Richards provided the Bed Capacity Update (agenda Item IX.C.) at this point commenting that the primary message is that there has been unprecedented volumes in the hospital that has created backlogs of patients in the Emergency Department. The issue will be discussed in great detail during presentations of the HS Strategic Plan and HSC Master Facility Plan as we search for remedies. Dr. Richards' reviewed graphs on the average adult patients in beds, monthly average, maximal safe occupancy, and the upward trend to approach maximal number of physical beds. He described the differences in the midnight census (mandated industry standard and Medicare regulation) versus the day census. The Directors had questions and discussion on census as it relates to billing. Dr. Richards continued his presentation with ways in which this issue can be managed; He added there are concerns with managing the challenge of the bed capacity issue for the next three years while, hopefully, a new adult hospital can be built. Dr. Roth commented on the issue of transfers, acute care facilities. Discussion of management of scheduling operating rooms, value-based purchasing adjustments, patient satisfaction scores and Regent Doughty asked for data that compares our scores with other hospitals, effects on reimbursement, review of graph showing hospital bed access and its impact to the Emergency Department (currently approximately a 12 hour wait), national standard on wait time is four hours (this is a problem with bed capacity as we move to value-based purchasing).

Public Comment

There was no public comment.

Action Items

Request for the Approval of the UNM College of Nursing, UNM College of Pharmacy, and UNM School of Medicine May 2015 Graduates

Dr. Leslie Morrison presented the UNM College of Nursing, UNM College of Pharmacy and UNM School of Medicine May 2015 graduates and requested approval by the HSC Board of Directors. A motion was made to approve the UNM College of Nursing, UNM College of Pharmacy and UNM School of Medicine May 2015 graduates. The motion was seconded. No discussion. The motion passed with a vote of 5-0-0 in favor.

Request for the Final Approval of the UNM Health Sciences Center Budget

Ms. Ava Lovell and Ms. Ella Watt reviewed information on the request for the final approval of the UNM Health Sciences Center Budget (approximately 40,000 line items) that included information on academic versus clinical revenue cycles, a pie chart that shows use of balance, clinical revenue, I&G, tuition & fees, contracts and grants, Health System expenses, medical malpractice costs, revenue, uncompensated care (approximately \$120 million). A discussion was held regarding motivation for people to sign up for insurance, penalties, etc. The budget review continued with data on patient revenue, commercial insurance, Medicaid (impact of expansion), increase in Medicare, Medicaid reimbursement component, and the Mill Levy. Discussion was held on the Mill Levy and what percentage it provides from Sandoval County. Dr. Roth provided a history on the Mill Levy. The budget review continued with information on UNMH detail, 2014 audited actuals, revised full year 2015, revenue, patient care, Mill Levy, contracts and grants, state appropriation, and 340b revenue. Dr. Roth provided a history of the consolidation of governance at the hospitals noting that prior to 1998, the Bernalillo County Mental Health Center, Carrie Tingley Hospital, Children's Psychiatric Hospital and University Hospital were separate entities. Dr. Jane Henney successfully consolidated the governance with a single unified medical staff which made operations much more efficient. State funding, however, was separate for Carrie Tingley Hospital and for the Children's Psychiatric Hospital and for two other clinical programs that followed that integration. UNM Hospitals does not get any state appropriations other than what it used to get for out of county indigents, but even though consolidation has occurred, state funding has continued. The UNM Hospitals Board of Trustees, with Mr. Michael Olguin, Chair, provides the governance of all these hospitals. The budget presentation continued with information on 340b, patient involvement in getting insurance reimbursement, disproportionate tier hospital (one that sees a greater majority of self-pay, uninsured, and Medicaid patients), net margin, return on investments, capital initiatives, UNM Medical Group, Inc., income statement, net margin, use of reserves, Sandoval Regional Medical Center, Inc. Dr. Roth added

that UNM Medical Group, Inc. is a Research Park Act corporation and manages the billing/collections for professional services and owns and operates clinics. The Board had a discussion on the Health Plan; UNM Medical Group, Inc. as a Research Park Act Corporation that owns and operates several clinics. It was noted that Sandoval Regional Medical Center, Inc. (SRMC) is busy and sometimes is also working at capacity; decrease in Sandoval County Mill Levy. Information was presented on SRMC expenses; discussion on partnering with other entities (*i.e.*, Albuquerque Health Partners) at SRMC. A question from the Board was asked regarding travel expenses with ensuing explanation on costs for nurse training, etc. Ms. Lovell highlighted how all HSC units fuse at the corporate level. The Board discussed student indebtedness, educating students on ramifications of loans, counseling efforts, tuition, mandating students to serve in underserved rural communities in New Mexico. The budget presentation concluded with an HSC rollup that included data on patient care revenue, contract and grants, facilities and administrative, tuition and fees, transfers, expenses, faculty salary increase, residents, staff and other, fringe benefits, patient care costs, travel, purchase services and contracts, facility costs, other and supplies, contracts and grants, net margin, and a review of UNM HSC All Components for the total academic enterprise. A motion was made to approve the Final UNM Health Sciences Center Budget. The motion was seconded. The motion passed with a vote of 5-0-0 in favor.

Request for the Approval of the Fiscal Year 2015 Budget Adjustment Request

Ms. Lovell presented an overview of the Fiscal Year 2015 budget adjustment request for the 2015 Expenditure Authorization Approval. Discussion. A motion was made to approve the request for the approval of the fiscal year 2015 budget adjustment request. The motion was seconded. The motion passed with a vote of 5-0-0 in favor.

Request for the Approval of the HED 5-Year Capital Outlay Plan for the Health Sciences Center

Ms. Lovell presented an overview of this yearly requirement by the New Mexico Higher Education Department (HED) that the UNM Health Sciences Center submit a five year capital plan. A discussion was held on Behavioral Health needs and the potential partnering with the County, renegotiation of the Lease, history/purpose of this required report by the HED, replacement hospital and chain for approvals, importance of five year plan and need for capital items on the plan. A motion was made to approve the request for the approval of the HED 5-Year Capital Outlay Plan for the Health Sciences Center. The motion was seconded. Discussion. The motion passed with a vote of 5-0-0 in favor.

Request for the Approval of the UNM Hospitals Contract with MedAssets Net Revenue Systems, LLC and the Approval of the UNM Hospitals Contract with Cerner Health Services, Inc. (formerly Siemens Medical Solutions)

Ms. Watt provided background on the request to approve the UNM Hospitals contract with MedAssets Net Revenue Systems, LLC and the related Request for Proposal and award. She provided background on the request to approve the UNM Hospitals contract with Cerner Health Services, Inc. and the related Request for Proposal and award. A motion was made to approve the UNM Hospitals contract with MedAssets Net Revenue Systems, LLC and the approval of the UNM Hospitals contract with Cerner Health Services, Inc. The motion was seconded. The motion passed with a vote of 5-0-0 in favor.

Information Items

Pricing Parameters for UNM Hospitals Bond Refunding

Ms. Lovell recapped that the Board had approved the pricing parameters for the UNM Hospitals Bond Refunding at a previous meeting and that the State Board of Finance has approved. The goal is to refinance to reduce the current interest rate (totals 5.3%) to a lower rate (approximately 4%) with tremendous savings to the institution. Discussion included information on HUD closing.

HSC Financial Update

Ms. Lovell noted that the financial update documentation is for March 2015, however, this financial information was included in the extensive budget review held earlier in the meeting. Discussion that this information would also be reviewed at the Regents' Finance & Facilities Committee.

Executive Session

A motion was made to close the open portion of the meeting and for the Board to convene in executive session for the reasons and to cover those items specified in the published Agenda. The motion was seconded. The motion passed with a vote of 5-0-0 in favor.

Return to Open Session

Following the executive session, a motion was made for the Board to reconvene in open session and to certify 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 5-0-0 in favor.

Adjournment

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 May 6, 2015.

Approval of Minutes:

Regent Robert Doughty, III, Chair

Date