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HSC Committee Meeting Minutes August 8 2017

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Meeting Minutes
UNM Health Sciences Center Committee
August 8, 2017

UNM Health Sciences Center Committee (the "HSC") members present:

Marron Lee, Chair

Rob Doughty, Vice Chair

Garrett Adcock

Chair Lee called the meeting of the HSC Committee to order at 8:43 a.m. and confirmed that a quorum was present.

Approval of Agenda

A motion was made to adopt the agenda. The motion was seconded. The motion passed with a vote of 3-0-0.

Approval of Minutes of Prior Meeting

A motion was made to approve the minutes of the June 6, 2017 meeting of the HSC Committee. The motion was seconded. The motion passed with a vote of 3-0-0.

Comments from Committee Members

Regent Adcock thanked the HSC administration for the tour of the UNM Hospital and orientation session. Regent Lee requested a tour of UNM Hospital and Dr. Roth agreed to have this arranged.

Chancellor's Administrative Report

Dr. Paul Roth introduced the new chair of the UNM Hospital Board of Trustees, Dr. Jerry McDowell. He announced that the HSC has reached over \$200 million in annual funding for the research enterprise representing almost a 30% increase from the previous year. He highlighted the joint venture of the Lovelace/UNM Rehabilitation Hospital, two awards received for the Healthy Neighborhoods Program, recent leadership changes including Dr. Mike Richards as Vice Chancellor for Clinical Affairs, and Dr. Mike Chicarelli is interim Chief Executive Officer of the UNM Hospitals following Mr. Steve McKernan's retirement announcement. Dr. Roth added that a national search will begin soon to fill Mr. McKernan's position on a permanent basis. Discussion included recognition of Mr. McKernan and his contributions. Dr. Roth continued, announcing that Ms. Jill Klar was appointed the Chief Executive Officer of the UNM Medical Group, Inc., Dr. Rob McLean appointed as the Chief Medical Officer at the Sandoval Regional Medical Center, Inc., Dr. Carolyn Montoya appointed as interim dean of the College of Nursing, Dr. Don Godwin appointed as interim dean of the

College of Pharmacy, and Dr. Karen Armitage appointed as interim dean of the College of Population Health. Dr. Roth announced the opening of a new Adolescent Inpatient Opioid Abuse Program and the Eubank Women's Clinic. Discussion included an invitation to all the Regents to tour the Eubank Women's Clinic. Dr. Roth ended his report with announcing that the Sandoval Regional Medical Center, Inc. (SRMC) celebrated its fifth year anniversary and recognized Ms. Jamie Silva-Steele for her leadership.

Regent Lee initiated a discussion regarding committee membership on the national search to fill the UNM Hospitals CEO position. Dr. Roth responded that details have not yet been discussed, that a request for proposal will be issued to engage a nationally prominent search firm, and that the process will be inclusive. Dr. Roth and Regent Lee agreed to meet to discuss.

Ms. Ava Lovell provided information on the HSC financial update that included year-end data (unaudited): the Academic section ending at \$1.6 million Use of Balance (budget was \$3.2 million Use of Balance), details were provided on the School of Medicine and Cancer Center, College of Pharmacy and College of Nursing; the Health System (unaudited and preliminary) UNM Hospital about a \$15.3 million positive bottom line, UNM Medical Group, Inc. ended at almost \$10 million positive, SRMC ended at breakeven, and overall the Health System is \$25.3 million positive. Discussion was held on when it would be audited and Ms. Lovell responded the audit began August 7, 2017.

UNM Health System Update

Dr. Mike Richards reported that the \$40 million gap from last year has been closed and that the Health System budget is at approximately \$23 million total margin that exceeds the original budget. He noted that this accomplishment was due to a series of initiatives such as an aggressive plan to backfill the volumes, transfer plan, programs to increase growth, Surgery volume increased, Clinic volume increased, efficiency on Length of Stay, a focus on Revenue cycle and new business systems on billing and collection. In addition to the institution-wide effort for these successes, he specifically recognized the leadership of Jill Klar, Ella Watt, and Steve McKernan.

Public Comment

No one signed up for public comment, however, Michelle Melendez asked to address the HSC Committee at the end of the meeting and was allowed to give input at that time. Her comments regarded UNM Hospital discussions with Bernalillo County, policies and indigent health care.

Action Items

Request for the Approval of the UNM Hospitals Contract with Delta Dental Plan of New Mexico, Inc.

Mr. Steve McKernan provided background on the proposed UNM Hospitals contract with Delta Dental Plan of New Mexico, Inc. Discussion. A motion was made to approve the UNM Hospitals contract with Delta Dental Plan of New Mexico, Inc. The motion was seconded. The motion passed with a vote of 3-0-0.

Information Items

Update on State Board of Finance

Dr. Paul Roth briefed the HSC Committee on a recent meeting with the New Mexico State Board of Finance (SBoF) that included the results of the first phase of planning, the interest in moving forward to the second phase of the planning stage for the proposed modern medical facility. He discussed concerns from the SBoF that regarded timing as it relates to the current uncertainty on Medicare reimbursement and the response to the SBoF that HSC leadership is comfortable with understanding the range of options and scenarios that might exist moving forward and are comfortable with projections to begin the second phase of planning for a modern medical facility that includes two parallel processes -- architectural and financial analysis. Discussion was held on the 'shelf life' of the analyses. Mr. McKernan briefed the HSC Committee on the SBoF questions and distributed a handout entitled "Modern Medical Facility, 120-Bed Phase I Financial Projection, Fiscal Years 2017 through 2023." He discussed the FHA, their requirements prior to moving forward, the approval process through the Regents, and First Southwest's process for arriving at the optimum financing option for the project. Discussion focused on a review of the SBoF questions #31, 32, and 33 and the Health Sciences Center responses. Discussion was held on the current state of the inpatient rooms at UNM Hospital. With input from Mr. Scot Sauder, Mr. McKernan reviewed the history on the County Bond issuances, the importance of protecting the UNM bond rating, the Cigarette Tax, ACA concerns, the UNM Hospitals efforts in saving capital, use of Mill Levy funding, the Hospital Funding Act, the Indigent Claims Act, the Hospital District Tax, obligations to the 1952 Lease Contract with the County, and the UNM Hospital as the "enterprise institution" of the Regents. Dr. Roth discussed the agreement with the County when they asked UNM to assume the liability of running a County hospital, utilizing Mill Levy to defray the costs associated with running a County hospital, the impact of indigent care, the County's responsibility to provide part of the funding to operate the facility, funding in a scenario where the Hospital runs at a deficit, elements associated with how the Mill Levy was originally conceived, and the purpose of the Mill Levy and how those funds are managed within UNM Hospital. Regent Doughty commented on the amount of work put into the information provided and he announced that he was adding the approximately \$12 million expenditure to move forward with Phase Two of this project as an action item on the August 15, 2017 UNM Board of Regents' agenda. He asked for attendance at the meeting from UNM leadership, the HSC leadership and that all Regents were to receive complete information (including all the SBoF questions and corresponding answers) well in advance of the August 15th meeting. He asked that President Abdallah, Dr. Roth and Mr. Harris give their recommendations at the Regents' meeting. Regent Lee asked that Regent Clifford be contacted to answer specific questions he had.

As mentioned under "Public Comment" above, Ms. Michelle Melendez addressed the HSC Committee at this point in the meeting.

Adjournment

A motion was made to adjourn the meeting. The motion was seconded. The motion passed with a vote of 3-0-0.

Approval of Minutes:

Marion Lee
Marion Lee, Chair, HSC Committee

09.5.17
Date