

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the Health System Board
for the University of Virginia
Health System**

December 5, 2019

HEALTH SYSTEM BOARD
Thursday, December 5, 2019
8:00 a.m. – 12:00 p.m.
Board Room, The Rotunda

Committee Members:

L.D. Britt, M.D., Chair	C. Evans Poston Jr.
Babur B. Lateef, M.D., Vice Chair	James V. Reyes
Robert M. Blue	A. Bobby Chhabra, M.D., Faculty Consulting Member
James B. Murray Jr.	

Public Members:

William G. Crutchfield Jr.	Tammy S. Murphy
Eugene V. Fife	John E. Niederhuber, M.D.
Victoria D. Harker	

Ex Officio Members:

James E. Ryan	Chris A. Ghaemmaghami, M.D.
Pamela F. Cipriano	Scott A. Syverud, M.D.
Jennifer Wagner Davis	David S. Wilkes, M.D.
M. Elizabeth Magill	

AGENDA

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V.	CLOSED SESSION	
•	Discussion of proprietary, business-related information pertaining to the operations of the Medical Center and the Transitional Care Hospital, where disclosure at this time would adversely affect the competitive position of the Medical Center or the Transitional Care Hospital, specifically:	
–	Strategic matters including: personnel recruitment and retention, financial, investment, facility needs, market considerations, growth initiatives, partnerships, and other resource considerations and efforts in light of market and regulatory changes for the Health System and expected impact for Fiscal Year 2020, as well as the Health System funds flow and long range financial plan; all of which further the strategic initiatives of the Medical Center and the Transitional Care Hospital and include employee performance and other proprietary metrics;	
–	Confidential information and data related to the adequacy and quality of professional services, competency, and qualifications for professional staff privileges, and patient safety in clinical care, for the purpose of improving patient care for the Medical Center and the Transitional Care Hospital;	
–	Consultation with legal counsel regarding compliance with relevant federal and state legal requirements and legislative and accreditation standards; all of which will involve proprietary business information and evaluation of the performance of specific personnel.	
–	The relevant exemptions to the Virginia Freedom of Information Act authorizing the discussion and consultation described above are provided for in Section 2.2-3711(A)(1), (6), (8) and (22) of the <u>Code of Virginia</u> . The meeting of the Health System Board is further privileged under Section 8.01-581.17 of the <u>Code of Virginia</u> .	

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.A. Opening Remarks from the Vice Chair

ACTION REQUIRED: None

BACKGROUND: The Committee Vice Chair will welcome guests and provide opening remarks.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.B. Remarks from the President Regarding the Health System Transition Team

ACTION REQUIRED: None

BACKGROUND: University of Virginia President James E. Ryan will offer remarks regarding the Health System Transition Team.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.C. Health System Consolidated Financials Fiscal Year 2020 Year-to-Date Report

ACTION REQUIRED: None

BACKGROUND: The Health System prepares a comprehensive financial package at least monthly and reviews it with the Executive Vice President for Health Affairs and other executive leaders of the University before submitting the report to the HSB.

Douglas E. Lischke serves as the Health System’s Chief Financial Officer. Prior to coming to UVAHS, Mr. Lischke was the Associate Vice President for Financial Services and Controller for Wake Forest Baptist Medical Center. He is an active Certified Public Accountant, a Certified Healthcare Finance Professional, and a Certified Information Technology Professional with over 24 years of financial management experience.

FINANCE REPORT

Overall, the Health System’s operating income is slightly unfavorable to budget for the three months ended September 30, 2019.

	Operating Income			Operating Margin		
	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>
UVA Hospital, Clinics, Subs & Joint Ventures	21.9	27.4	29.1			
Shared Services	(7.1)	(8.2)	(11.8)			
Consolidated Medical Center	14.9	19.3	17.3	3.3%	4.2%	4.0%
Academic Recurring Operations	5.2	0.8	6.2			
Strategic Investment from Reserves	(7.8)	(7.4)	(8.0)			
One Time Transfers	2.7	2.7	1.0			
SOM Academic	0.2	(3.9)	(0.9)	0.2%	-3.1%	-0.7%
Clinical Operations	8.1	2.6	4.7			
Support of Academic Mission	(8.4)	(8.5)	(7.9)			
UPG - SOM Clinical	(0.4)	(5.9)	(3.2)	-0.3%	-5.0%	-2.9%
Library - Health System	(0.7)	(0.6)	0.2	-43.5%	-37.9%	11.2%
Health System Support/Transfers	(18.7)	(13.3)	(10.7)			
Consolidated Health System	(4.7)	(4.5)	2.7	-0.7%	-0.7%	0.4%

UVA School of Medicine (Academic Enterprise)

Through the first quarter of fiscal year 2020, the academic enterprise generated a \$5.2M surplus in its academic recurring operations. This reflects a \$4.4M favorable variance to budget, resulting from increased gifts and controlled spending, including favorable salary coverage on grants.

Spending related to one-time strategic investments totaled \$7.8M, funded by the Dean's reserves. In addition, the School received \$2.7M in transfers from the Medical Center for capital improvements (Pinn Hall renovations).

UVA Physicians Group (Clinical Enterprise)

Through the first quarter of fiscal year 2020, the clinical enterprise (UPG) produced an operating loss of \$0.4M, which was \$5.5M favorable to budget and \$2.8M favorable to prior year. The favorable budget variance is primarily driven by strong patient care volumes that are ahead of budget and \$1.7M in indigent care revenue from the prior year, which is a one-time pickup this fiscal year. These results do not reflect the expected drop in patient revenue resulting from changes in patient collection practices. UPG results include \$8.4M investment in the academic mission including the Dean's Academic Advancement Fund.

UVA Medical Center

After three months of operations in fiscal year 2020, the operating income for all business units was \$14.9M, resulting in a 3.3% operating margin. Operating income was unfavorable to budget by \$4.4M driven by key volume indicators – discharges were 5.9% below budget with surgical cases and outpatient visits exceeding budget – and the all payor case mix at 2.11 exceeded budget by 1.1%. The operating margin for the consolidated Medical Center is supported by imaging, dialysis, the Transitional Care Hospital, Continuum and the management of shared services expenses. For fiscal year 2020 through September, the Medical Center generated \$27.0M in cash from operations (EBITDA) after transfers and cash reserves totaled 208 days. Total expenses adjusted for volume and case mix index were 2.7% greater than budget.

Total paid employees for all business units, including contracted employees, were 88 above budget. Contract labor is composed primarily of nurse travelers and individuals employed by the School of Medicine and contracted to the Medical Center. The Medical Center utilized 135 nurse travelers.

	<u>FY2020</u>	<u>2020 Budget</u>
Employee FTEs	8,615	8,655
Contract Labor FTEs	287	159
Salary, Wage and Benefit Cost / FTE	\$88,026	\$88,180
Total FTEs	8,902	8,814

Transitional Care Hospital

For the first quarter of fiscal year 2020, the operating loss for the Transitional Care Hospital (TCH) was \$1.8M, yielding an unfavorable budget variance of \$1.2M. This variance was primarily attributable to a changing mission for TCH. By accepting hard to place patients from the Medical Center and caring for them in a lower cost setting, TCH experienced a lower case mix and a worsening payor mix. Of the 70 discharges through the first quarter of Fiscal Year 2020, 94% were from the Medical Center, further demonstrating the importance and value of long term acute care services in the continuum of care.

Through cost savings generated by caring for patients in a lower cost setting, TCH provided a \$1.2M benefit to the system in addition to freeing much needed beds at the Medical Center.

University of Virginia Medical Center
Income Statement
(Dollars in Millions)

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-18	Sep-19	Sep-20	Sep-20
Net patient revenue	\$399.8	\$419.5	\$437.9	\$441.7
Other revenue	<u>11.0</u>	<u>11.4</u>	<u>11.0</u>	<u>12.5</u>
Total operating revenue	<u>\$410.8</u>	<u>\$430.9</u>	<u>\$449.0</u>	<u>\$454.2</u>
Operating expenses	376.1	383.3	403.3	403.7
Depreciation	25.3	25.4	26.1	26.7
Interest expense	<u>5.1</u>	<u>4.9</u>	<u>4.7</u>	<u>4.6</u>
Total operating expenses	<u>\$406.5</u>	<u>\$413.6</u>	<u>\$434.1</u>	<u>\$435.0</u>
Operating income (loss)	<u>\$4.3</u>	<u>\$17.3</u>	<u>\$14.9</u>	<u>\$19.3</u>
Non-operating income (loss)	<u>\$2.2</u>	<u>(\$11.8)</u>	<u>(\$28.2)</u>	<u>(\$16.3)</u>
Net income (loss)	<u>\$6.5</u>	<u>\$5.5</u>	<u>(\$13.3)</u>	<u>\$3.0</u>
Principal payment	\$5.1	\$5.4	\$5.4	\$5.4

University of Virginia Medical Center
Balance Sheet
(Dollars in Millions)

Description	Most Recent Three Fiscal Years		
	Sep-18	Sep-19	Sep-20
Assets			
Operating cash and investments	\$36.5	\$38.2	\$81.7
Patient accounts receivables	243.9	233.7	259.9
Property, plant and equipment	1,067.2	1,175.2	1,286.9
Depreciation reserve and other investments	592.6	514.8	455.1 *
Endowment Funds	611.6	654.3	673.0
Other assets	<u>269.0</u>	<u>274.7</u>	<u>278.7</u>
Total Assets	<u>\$2,820.8</u>	<u>\$2,890.9</u>	<u>\$3,035.2</u>
Liabilities			
Current portion long-term debt	\$20.5	\$21.6	\$21.7
Accounts payable & other liab	137.3	112.0	141.4
Long-term debt	790.4	772.8	756.5
Accrued leave and other LT liab	<u>289.0</u>	<u>385.1</u>	<u>418.8</u>
Total Liabilities	<u>\$1,237.1</u>	<u>\$1,291.5</u>	<u>\$1,338.4</u>
Fund Balance	<u>\$1,583.7</u>	<u>\$1,599.4</u>	<u>\$1,696.8</u>
Total Liabilities & Fund Balance	<u>\$2,820.8</u>	<u>\$2,890.9</u>	<u>\$3,035.2</u>

*\$455.1M includes ED/Bed Tower bond issue funds of \$69.6M

**University of Virginia Medical Center
Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-18	Sep-19	Sep-20	Sep-20
Operating margin (%)	1.1%	4.0%	3.3%	4.2%
Current ratio (x)	1.8	2.0	2.1	2.0
Days cash on hand (days)	152.3	197.0	207.9	190.0
Gross accounts receivable (days)	53.5	50.2	50.7	50.0
Annual debt service coverage (x)	3.6	3.5	1.7	3.6
Debt-to-capitalization (%)	35.5%	34.8%	32.9%	34.0%
Capital expense (%)	7.5%	7.3%	7.1%	7.2%

**University of Virginia Medical Center
Operating Statistics**

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-18	Sep-19	Sep-20	Sep-20
Acute Discharges	7,346	7,442	7,193	7,657
Patient days	47,102	47,612	48,981	48,806
Observation Billed Encounters - MC only	1,008	1,221	1,266	1,242
All Payor CMI Adj Avg Length of Stay - MC only	3.05	2.99	3.06	2.93
OP Billed Encounters	188,793	196,102	206,546	204,819
ER Billed Encounters	10,966	10,828	11,418	10,734
All Payor CMI - MC Only	2.07	2.08	2.11	2.09
Average beds available				
FTE's (including contract labor)	8,522	8,653	8,902	8,814

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
Fiscal Year to Date September 30, 2019 with Comparative Figures for Prior Fiscal Year

OPERATING STATISTICAL MEASURES									
DISCHARGES and CASE MIX - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year		Actual	Budget	% Variance	Prior Year
DISCHARGES:					ACUTE INPATIENTS:				
Medical Center	7,123	7,570	(5.9%)	7,361	Inpatient Days - MC	46,634	46,402	0.5%	45,293
Transitional Care	70	87	(19.5%)	81	All Payor CMI Adjusted ALOS - MC	3.06	2.93	(4.3%)	2.99
Subtotal	7,193	7,657	(6.1%)	7,442	Average Daily Census - MC	507	504	0.6%	492
Observation Billed Encounters	1,266	1,242	1.9%	1,221	Births	530	526	0.8%	492
Total Discharges & OBS Billed Encounters	8,459	8,899	(4.9%)	8,663	OUTPATIENT BILLED ENCOUNTERS:				
Adjusted Discharges	15,912	16,564	(3.9%)	16,260	Medical Center	206,546	204,819	0.8%	196,102
					Average per Clinic Day	3,227	3,200	0.8%	3,113
					Emergency Room - MC	11,418	10,734	6.4%	10,828
CASE MIX INDEX:					SURGICAL CASES				
All Payor CMI - UVA Hosp & Clinics	2.11	2.09	1.1%	2.08	UVA Main Hospital Operating Room	4,680	4,633	1.0%	4,466
Medicare CMI - UVA Hosp & Clinics	2.23	2.20	1.5%	2.18	Battle	3,259	3,213	1.4%	3,122
					Total	7,939	7,846	1.2%	7,588

OPERATING FINANCIAL MEASURES									
REVENUES and EXPENSES - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year		Actual	Budget	% Variance	Prior Year
(\$s in thousands)					(\$s in thousands)				
NET REVENUES:					NET REVENUE BY PAYOR:				
Net Patient Service Revenue	437,939	441,706	(0.9%)	419,496	Medicare	\$ 126,495	\$ 127,537	(0.8%)	\$ 119,595
Other Operating Revenue	11,031	12,534	(12.0%)	11,391	Medicaid	88,577	88,045	0.6%	81,294
Total	\$ 448,970	\$ 454,240	(1.2%)	\$ 430,887	Commercial Insurance	64,613	65,934	(2.0%)	65,364
					Anthem	92,141	94,007	(2.0%)	87,185
					Aetna	33,503	33,962	(1.4%)	28,667
					Other	32,610	32,222	1.2%	37,390
EXPENSES:					Total Paying Patient Revenue	\$ 437,939	\$ 441,706	(0.9%)	\$ 419,496
Salaries, Wages & Contract Labor	\$ 197,432	\$ 195,394	(1.0%)	\$ 191,522	OTHER:				
Supplies	115,010	117,860	2.4%	108,490	Collection % of Gross Billings	27.55%	27.54%	0.0%	28.45%
Contracts & Purchased Services	90,882	90,416	(0.5%)	83,323	Days of Revenue in Receivables (Gross)	50.7	50.0	(1.4%)	50.2
Depreciation	26,136	26,704	2.1%	25,351	Cost per CMI Adjusted Admission	\$ 12,972	\$ 12,637	(2.7%)	\$ 12,279
Interest Expense	4,658	4,602	(1.2%)	4,913	Total F.T.E.'s (including Contract Labor)	8,902	8,814	(1.0%)	8,653
Total	\$ 434,117	\$ 434,976	0.2%	\$ 413,599	F.T.E.'s Per CMI Adjusted Admission	24.47	23.56	(3.9%)	23.63
Operating Income	\$ 14,853	\$ 19,263	(22.9%)	\$ 17,287					
Operating Margin %	3.3%	4.2%		4.0%					

University of Virginia Medical Center

SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES

Fiscal Year to Date September 30, 2019 with Comparative Figures for Prior Fiscal Year

Assumptions - Operating Statistical Measures

Discharges and Case Mix Assumptions

Discharges include all admissions except normal new borns

TCH cases are those discharged from the TCH, excluding any Medicare interrupted stays

Observations are for billed encounters only

Case Mix Index for All Acute Inpatients is All Payor Case Mix Index from Stat Report

Other Institutional Measures Assumptions

Patient Days, ALOS and ADC figures include all patients except normal new borns

Surgical Cases are the number of patients/cases, regardless of the number of procedures performed on that patient

Assumptions - Operating Financial Measures

Revenues and Expenses Assumptions:

Medicaid out of state is included in Medicaid

Medicaid HMOs are included in Medicaid

Physician portion of DSH is included in Other

Non-recurring revenue is included

Other Institutional Measures Assumptions

Collection % of Gross Billings includes appropriations

Days of Revenue in Receivables (Gross) is the BOV definition

Cost per CMI Adjusted Discharge uses All Payor CMI to adjust

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.D. Health System Development Report: Honor the Future Campaign for Health

ACTION REQUIRED: None

BACKGROUND: Health System Development provides reports of recent activity to the Health System Board from time to time.

DISCUSSION:

**SIGNIFICANT GIFTS
July 1 – October 31, 2019**

A UVA faculty member documented a \$500,000 estate gift to be divided between the Medical Center for Parkinson’s disease research and Darden for unrestricted use.

A College alumnus pledged \$341,250 through the Morris and Rosalind Goodman Family Foundation to support nano-pharmaceutical research in the lab of Mark Kester, Ph.D.

A UVA alumni couple committed an additional \$300,000 to the Division of Perceptual Studies at the School of Medicine.

The Schiff Foundation made a gift of \$200,000 in support of neuro-oncology research.

A member of the Health System Development Financial Advisors Council committed \$100,000 in support of the Ivy Mountain Orthopedics project.

Other gifts and pledges received include:

- A \$60,000 commitment to benefit the Blair H. Marsteller Lectureship in Neurology;
- A \$60,000 commitment in support of a novel project on the microbiome and cancer;
- A \$53,945 commitment to benefit the School of Medicine in support of the Brenneman Endowment in Pediatrics; and

- A \$50,000 commitment through the MCJ Amelior Foundation in support of research in the Division of Perceptual Studies in the School of Medicine.

OTHER DEVELOPMENT INITIATIVES

UVA Health kicked off its Campaign for Health celebration on October 11-12 as part of the University’s \$5 billion campaign launch. Activities included an afternoon of inspiring talks from UVA Health’s most promising researchers; an Innovator’s Showcase featuring faculty, students, and big ideas shaping the future of healthcare; and a celebratory dinner for benefactors and friends at Montalto’s Repose at Monticello. On Saturday, October 12, Health System and University leadership joined faculty, students, and special guests to honor Dr. Francis Collins (A&S ’70), Director of the National Institutes of Health, and to dedicate the Collins Wing of the School of Medicine.

CAMPAIGN PROGRESS THROUGH OCTOBER 31, 2019

As of October 31, the Health System Development Office has raised \$374,799,978, or 37.4%, in total commitments towards its \$1 billion goal in support of UVA Health initiatives. Amy Karr, Senior Associate Vice President for Development, will address current campaign progress and future plans.

FISCAL YEAR FUNDRAISING PROGRESS THROUGH SEPTEMBER 30, 2019

New gifts	\$4,966,463
New pledges	\$286,987
Total new commitments	\$5,253,450
New future support	\$353,945
Total new gifts, pledges and future support	\$5,607,395

**Excludes pledge payments on previously booked pledges*

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

<u>BOARD MEETING:</u>	December 5, 2019
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	I.E. UVA Cancer Center and Steps to Comprehensive Designation
<u>ACTION REQUIRED:</u>	None

BACKGROUND: The mission of the Cancer Center is to reduce the burden of cancer for the patients of today, through skilled, integrated, and compassionate care, and to eliminate the threat of cancer for the patients of tomorrow, through research and education. The Cancer Center has been characterized by sustained excellence over three decades.

- NCI Cancer Center designation since July 1987 (>30 years)
- NCI Cancer Center Support Grant renewed for 5 years – February 1, 2017; Scored “Outstanding” and was awarded annual support of \$2.4M (~ \$12M over 5 years)
- U.S. News and World Report 2019 – ranking of 26 (prior ranking was 41)

The director, Thomas P. Loughran Jr., MD, has established the goal for the Cancer Center to become an NCI-designated Comprehensive Cancer Center at the time of the next renewal of the Cancer Center Support Grant (January 2021).

DISCUSSION:

REPORT ON THE UVA CANCER CENTER

The Cancer Center has made significant progress towards the goal of achieving Comprehensive designation since Dr. Loughran became the director in August 2013.

Accomplishments include:

- Creation of a Cancer Control and Population Health Program;
- Significant increase in translational research activities and accomplishments; and
- Overhaul of the clinical research enterprise resulting in more than doubling of accruals to interventional clinical trials.

Dr. Loughran will discuss areas that need development and/or strengthening for becoming an NCI-designated Comprehensive Cancer Center including:

- Population Health;

- Community Outreach and Engagement;
- Precision Medicine: Data Science School/Oncology Research Information Exchange Network (ORIEN);
- Cancer Nanomedicine: UVA nanoSTAR Institute;
- Medicinal Chemistry: Partnership with Department of Chemistry; and
- Immunotherapy: Focus Ultrasound Foundation

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: II.A. Signatory Authority Related to a Medical Center Contract Exceeding \$5 Million Per Year

BACKGROUND: The Board of Visitors is required to approve the execution of any contract where the annual amount is in excess of \$5 million. The position of the Executive Vice President for Health Affairs is currently vacant pending a search.

DISCUSSION: In accordance with Medical Center procurement policy, the contract listed below exceeds \$5 million in spend per year, and thus, exceeds the signatory authority of the Executive Vice President and Chief Operating Officer of the University.

- Qualivis, LLC, for interim clinical staffing (nurse travelers). Qualivis, LLC, provides a more efficient MSP (Managed Services Provider) solution with lower cost and more rapid turnaround time from Medical Center request to candidate placement. Projected annual savings are \$1.35 million.

The expense for goods and services purchased through this contract is reflected in the Medical Center's Operating Budget.

ACTION REQUIRED: Approval by the Health System Board, the Finance Committee, and by the Board of Visitors

SIGNATORY AUTHORITY FOR A MEDICAL CENTER CONTRACT EXCEEDING \$5 MILLION PER YEAR

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer of the University, on behalf of the Medical Center, to execute a contract for interim clinical staffing with Qualivis, LLC.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: II.B. Remarks from the Interim Chief Executive Officer of the Medical Center

ACTION REQUIRED: None

BACKGROUND: Dr. Chris A. Ghaemmaghami is the Interim Chief Executive Officer of the Medical Center. Dr. Ghaemmaghami previously served as Chief Medical Officer and Senior Associate Dean for Clinical Affairs. He joined UVA in 1998 as an Emergency Medicine physician and held a variety of leadership roles in the Department of Emergency Medicine including Medical Director and Vice Chair.

DISCUSSION: The Interim Chief Executive Officer will inform the HSB of recent Medical Center related events and updates that do not require formal action.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: II.C. Medical Center Operations Report

ACTION REQUIRED: None

BACKGROUND: This report summarizes operations of the Medical Center with focus on Fiscal Year 2020 priorities of quality and safety, patient experience, team member engagement, as well as financial performance and growth.

DISCUSSION:

OPERATIONS REPORT

Goal: To become the safest place to receive care

The Medical Center received an “A” Safety Grade from Leapfrog for the fall of 2019. This is the second consecutive season the Medical Center has received this grade. In addition, the Medical Center was selected as a “Leapfrog 2019 Top Teaching Hospital.” This is a distinction achieved only by a select group of hospitals that meet the nation’s toughest standards for safety and quality.

There are several metric changes to the fiscal year 2020 balanced scorecard:

1. Central Line Associated Blood Stream Infections (CLABSI) was added to the Safest Care goal.
2. Mortality Index, the number of observed mortalities compared to the number of expected mortalities as predicted by Vizient, was added as supplemental information to the overall Mortality rate, which does not take into account the severity level of the patient population.
3. The top quartile target for 30 Day Readmissions was extended to fiscal year 2022 and new targets representing the interim performance needed to achieve that goal were established.

Performance through the first quarter showed improvements over the previous year for three of the six metrics: 30 Day Readmissions, C. difficile rates, and Deep Vein Thrombosis Pulmonary Embolisms. In addition, three other metrics being focused on by the reestablished system coalitions, Catheter Associated Urinary Tract Infections, Falls with Injury, and Hand Hygiene rates, have shown improvement from the previous year.

A rebooted organizational survey readiness program called “Fridays Before Five” kicked off in October in preparation for the next Joint Commission triennial survey, which could occur as early as September 2020.

Goal: To be the healthiest work environment

On October 28, Talent Management hosted a breakfast to celebrate leaders across the Health System with a Team Index 1 score on the 2019 Engagement Survey. This included approximately 180 leaders across the Health System.

Focus continues around nursing turnover as nurses comprise approximately 1/3 of the Medical Center’s workforce. Voluntary turnover is currently at 12.0%, which is down 2.3% from July 2017.

Goal: To provide exceptional clinical care

Inpatient units and emergency services realized favorable quarterly performance and improvement in patient experience over prior fiscal year, continuing the annual improvement for the past few years.

Inpatient experience as defined by the overall hospital rating of 9’s and 10’s for July-September 2019, is 80.2% (83rd percentile), which is over the 79.9% target. This is the highest quarter ever achieved. This is a strong improvement over fiscal year 2019 (up 2.4 percentage points and seven percentile points). Improvement is attributed to consistent use of the Inpatient Experience Bundle (Comfort Rounds, Handover of Care, Quiet at Night, and Leader Rounds). Each quarter this year, the team will focus on one component of the Bundle. This past quarter the focus was on Comfort Rounds, where team members would assess the patient’s pain, ensure they are comfortable and reposition as needed, and proactively offer to help going to the bathroom each time they are with the patient.

Outpatient clinic patient experience results defined as the “willingness to recommend provider’s office” for July-September 2019, is 93.2% (71st percentile), which is below the 93.7% target. This quarter is flat to the prior fiscal year. Ambulatory Optimization remains a focus. Additionally, the use of texting of appointment reminders has been launched in five clinics and expect wide spread deployment soon.

In July-September 2019, the Emergency Department patient experience score was 84.0 (42nd percentile) and is above the 82.8 score for fiscal year 2019 and below the 86.5 target. In addition to training and preparation for moving into the new and expanded Emergency Department on October 15, 2019, key strategies include role delegation for the Rapid Medical Evaluation process (RME), Direct Bedding, Leader Rounds on patients, especially those in the waiting room, and use of AIDET® communication approach. AIDET® is a nationally accepted program to improve patient experience through the use of structured elements during a healthcare encounter. The name is an acronym for “Acknowledge, Introduce, Duration, Explanation, and Thank You.”

Goal: To train the health care workforce of the future in teams

The spread of the Daily Management System continues, focusing on escalation, interdisciplinary huddling, and visual management continues. Tracking of interdisciplinary huddling is being reported monthly on the fiscal year 2020 Medical Center balanced scorecard.

Goal: To ensure value-driven and efficient stewardship of resources

After three months of operations in FY 2020, the operating income for all business units was \$14.9M, resulting in a 3.3% operating margin. Operating income was unfavorable to budget by \$4.4M driven by key volume indicators: discharges were 5.9% below budget with surgical cases and outpatient visits exceeding budget and the all payor case mix at 2.11 exceeded budget by 1.1%. Margin management remains a critical goal for fiscal year 2020 given the continued reduction in reimbursement, and revenue impacts resulting from adjustments to our financial assistance policy. Specific targets have been set for supply utilization, labor management, and revenue enhancement.

The Ivy Mountain Musculoskeletal Center construction continues to progress on schedule. The University Hospital expansion project remains on schedule and began accepting patients in the Emergency Department on October 15, 2019. The new Emergency Department is greatly modernized and expanded. Next phases of openings for the procedural areas on Level 2 begin in November 2019. The openings for the inpatient units on Levels 3-5 will occur later in the fiscal year, during April-June 2020.

In collaboration with UPG, the Medical Center continues to evaluate and plan for additional ambulatory outreach sites.

Recent Designations and Re-certifications

The Virginia Board of Pharmacy completed a routine inspection and a controlled substance registration of the Augusta Infusion Center Pharmacy.

The Virginia Department of Health completed an administrative grant review for the Ryan White HIV clinic.

The Centers for Medicare and Medicaid Services completed a triennial certification survey of Lynchburg dialysis.

The Virginia Healthcare Associated Infections Advisory Group (led by the Virginia Department of Health, Health Quality Innovators, and the Virginia Hospital and Healthcare Association) awarded Gold Status, which is the highest level of achievement, to the Antimicrobial Stewardship Program of the Medical Center in the inaugural Virginia Antimicrobial Stewardship Honor Roll for Acute Care Hospitals.

The Joint Commission completed certification surveys for both the Comprehensive Stroke and Heart Failure programs.

The State Fire Marshal completed a Life Safety survey for the new Emergency Department at the direction of the Virginia Department of Health as directed by the Centers for Medicare and Medicaid Services.

The Virginia Board of Pharmacy completed the initial inspection of the new Emergency Department satellite pharmacy.

The American College of Surgeons Commission on Cancer announced that the University of Virginia Health System cancer program achieved full accreditation status.

The National Supplier Clearinghouse (for the Centers for Medicare and Medicaid Services) approved the revalidation of the UVA Pharmacy (located in the Education Resource Center/Emily Couric Clinical Cancer Center).

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: III.A. Remarks from the Dean of the School of Medicine

ACTION REQUIRED: None

BACKGROUND: David S. Wilkes, M.D., Dean of the School of Medicine, is a nationally recognized specialist in pulmonary disease and critical care medicine. Before coming to UVA, Dr. Wilkes served as executive associate dean for research affairs at the Indiana University School of Medicine.

DISCUSSION: The Dean will inform the HSB of recent School of Medicine related events and updates that do not require formal action.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: III.B. School of Medicine Report

ACTION REQUIRED: None

BACKGROUND: This report highlights the School of Medicine annual department reviews.

DISCUSSION:

DEPARTMENT ANNUAL REVIEWS

The School of Medicine conducts reviews of all departments each fall. This is a time when the Dean's cabinet and the departmental leadership meet for a comprehensive review of all missions, faculty development, and administration. By holding the department annual reviews (DARs) within a compressed time period, themes are highlighted.

This year, the cabinet recognized themes of accountability, engagement, and embracing diversity, as well as burnout, transparency in finances and processes, and low salaries that make it difficult to recruit and retain faculty.

The chairs demonstrated accountability by setting aspirational targets and meeting them. Examples include:

- Psychiatry developed best practices for alcohol and opioid detox, which involved significant work with the ED, Family Medicine, Internal Medicine, and community partners;
- Neurosurgery advanced the use of focused ultrasound for the non-invasive, non-opioid treatment of pain;
- Pediatrics established the Clinically Integrated Network, which will lead to better communication between providers and better care for children;
- Dermatology implemented the virtual scribe program and is conducting pilots in other departments as a way to improve physician efficiency, reduce physician stress, and allow the physician to focus on the patient without having another person in the room; and
- Biochemistry and Neuroscience, departments participating in a pilot model for department funding support, saw significant gains in salary coverage on grants.

Faculty engagement in the StandPoint survey was 79%, and every department chair used the data to develop action plans around the areas of opportunity identified by the survey. The dominant themes echoed those that emerged during the DARs, e.g., burnout in faculty and staff; the need to increase gender and ethnic diversity, especially among faculty; and the desire for transparency around finances.

As previously reported, there has been a marked increase in the diversity of residents and graduate students. Diversity among medical students remains strong. Chairs are making sincere efforts to attract women and underrepresented minorities (URM) faculty candidates by emphasizing diversity and inclusion as core values, appointing search committees with diverse membership, inviting women and URM speakers to address their conference and seminar audiences, and engaging with the diversity committees of their discipline's national societies.

Every chair has reported stress and burnout among faculty, and this year many chairs included staff in the discussion. Almost every department's StandPoint action plan included a strategy for alleviating burnout. At both the department and the School levels, we are looking for ways to remove barriers and to simplify and streamline processes. In some specialties, the inability to offer competitive salaries makes it difficult to recruit, resulting in great stress on the current faculty who do not have colleagues to share on-call service and help with patient access.

Many chairs are sharing information with their faculty about department finances, how decisions are made, what types of funds are available and how they can be used, and, in general, providing financial transparency. The Dean attends faculty meetings in each department annually, and questions about the School's financial status are common. The HSB financial summary is presented at the Medical Advisory Committee (attended by all chairs, center directors, and their department administrators), offering a high-level snapshot of the Health System, School of Medicine, and UPG finances.

At the annual review, the chairs review their progress toward institutional goals and department-specific goals. A letter summarizing the review also states the goals for the next year.

The Dean's cabinet conducts a retreat upon the conclusion of the DARs. The cabinet develops its goals for the coming year. The areas of focus for calendar year 2020 are:

- mitigating faculty and staff burnout;
- reducing administrative burden by increasing efficiencies across the health system entities;
- creating mechanisms for timely and expanded patient access for UVA health plan members; and
- ensuring HR services meet the School's needs.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Health System Board

AGENDA ITEM: IV.A. Transitional Care Hospital Operations Report

ACTION REQUIRED: None

BACKGROUND: The Transitional Care Hospital (TCH) prepares a periodic report to inform the Board of Visitors of operational matters and performance.

DISCUSSION:

OPERATIONS REPORT

HEALING

The overall quality program at TCH for the first quarter of FY 2020 resulted in some very positive outcomes for the patients it served. The mortality rate for the quarter was only 2.82% compared to benchmark data of 9.34%. Also, the acquired C. Difficile rate was 0.0 compare to 1.0 national incidence rate, and other hospital acquired infection rates were below national comparisons. In addition, the ventilator weaning rate was 66.7% compared to a national average of 61.1% and the 30-day unplanned readmission rate to the Medical Center was 19.4% compared to a national benchmark of 20%.

Areas of opportunity include reduction in team member injuries and reduction in skin integrity issues. Both of these areas were outside of target ranges for the quarter and are receiving management focus and efforts. A performance improvement project was started around skin integrity issues and has resulted in better performance thus far in the second quarter.

SERVING

In the first quarter of FY 2020, TCH had an average daily census of 26 patients. TCH had a total of 70 admissions, an acuity index of 1.07 for Medicare patients but an overall acuity index of only 1.04 due to TCH changing its mission in 2019 to accept difficult to place patients from the Medical Center, many of which did not qualify for LTACH (long-term acute care hospital) admission and some of which had no payment method but required continued inpatient care. Accepting lower acuity patients that were hard to place helped create capacity at the Medical Center and provided an estimated \$1.2 million in savings to the Health System.

Patient Satisfaction Scores continue to reflect a high level of satisfaction with the care provided at TCH. All surveys returned in the first quarter rated TCH a 9-10 on a 10-point Likert scale and all respondents stated they would recommend TCH to others. While the sample size was small, patient feedback remained positive in the first quarter. There will be a focus on increasing response rates in future quarters.

ENGAGING

The 2019 UVA Health System Engagement Survey took place in the Fourth Quarter of 2019. While the participation was slightly lower than the previous year, the overall results improved from prior year. Opportunity still remains in the nursing department where staffing and teamwork remain a challenge. On a bright note, recruitment for both RNs and LPNs continued to improve in first quarter which allowed an increase in the census capacity to 28 patients. In addition, the Assistant Nurse Manager position, which was vacant for most of FY 2019, was filled in August. This vital position has been instrumental in helping the Nurse Manager address the opportunities identified in the employee engagement survey. The TCH looks forward to further improvements in the remainder of FY 2020.

BUILDING

The Patient Progression Department manages the entire patient stay from referral to admission to discharge. Hospital liaisons are clinicians who educate referral sources and facilitate admissions. Case managers take over at the point of admission to ensure a successful stay and discharge plan.

In FY 2019, 96% of TCH admissions came from the UVA Medical Center while the rest came from outside hospitals. The breakdown of admissions by medical categories was 23% vent weaning and respiratory complex, 44% medically complex and 32% complex wounds. Discharge to home and skilled nursing facilities remain the highest discharge dispositions of the four lower level of care options (IRF, SNF, Home, and Hospice). The Case Mix Index was 1.04 for all patients year-to-date mainly due to the lower ventilator patient census and taking more non-qualifying, custodial and low acuity patients from the medical center. The average length of stay through the first quarter of Fiscal Year 2020 was 31.6 for all payers and 27.65 for Medicare patients.

RECENT DESIGNATIONS, INSPECTIONS, AND CERTIFICATIONS

There was a Respiratory Failure disease-specific survey conducted by the Joint Commission in August of this year. While opportunities to improve were identified, the program was recertified for another two-year cycle. TCH remains the only LTACH in the Commonwealth with this certification.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

<u>BOARD MEETING:</u>	December 5, 2019
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	IV.B. Continuum Home Health Annual Report
<u>ACTION REQUIRED:</u>	None

BACKGROUND: Continuum Home Health Care (Continuum) is structured as a department of the Medical Center and is included in the Post-Acute Division. Continuum has been in operation for 25 years and is the largest agency in Central Virginia, now serving approximately 5,700 patients annually. It is also the only integrated home health and home infusion provider in Central Virginia. Continuum currently maintains a staff of 111.

DISCUSSION: Continuum Home Health Care provides two primary services, Home Health and Home Infusion.

Home Health provides direct, intermittent skilled nursing; physical (PT), occupational (OT), and speech therapy (SLP); home health aides; and social work services to patients in 11 counties in the Medical Center's primary and secondary service area. Average daily census was 510 patients in FY 2019.

Home Infusion provides home infusion IV therapies, enteral nutrition, related supplies, and clinical pharmacy services to patients throughout Virginia, and to UVA patients in North Carolina. Average daily census was 800 patients in FY 2019. At any given time, approximately 100 patients are simultaneously receiving both Home Health and Home Infusion services.

Continuum also offers specialty home health services, including psychiatric services, pediatric services, high risk newborn services, and interdisciplinary wound care. In addition, Continuum maintains four full-time home health/home infusion nurse liaisons at the Medical Center to aid in patient transitions to home health and home infusion. These liaisons provide home infusion training and education to patients and their caregivers leaving the Medical Center, Novant Health UVA, Sentara Martha Jefferson, UVA-Encompass Health Rehabilitation Hospital, the UVA Transitional Care Hospital, and other post-acute facilities in the home health service area.

Home Health received 69% of its referrals from UVA (inpatient units, the Transitional Care Hospital, and outpatient clinics), and 31% from outside hospitals, non-UVA community physicians, and post-acute facilities. Of referrals, 83% are from institutional settings and 17% are from community providers. Home Infusion received

82% of its referrals from UVA sites and 18% from outside hospitals and other post-acute facilities.

Admissions/Visit Volumes and Infusion Therapy Days

In FY 2019, total new Home Health patients increased by 4% from FY 2018. As a result, 2,700 additional visits were provided. Home Infusion continued to grow, increasing its new patients by 3%. Home Infusion delivered 10% more therapy days due to the increasing number of patients receiving IV therapies in the home setting, as well as the increasing use of Continuum by outside hospitals.

Payer Mix

Traditional Medicare and Medicaid Health Maintenance Organizations (HMOs) continued to be the primary payer for Home Health at 68%, while Home Infusion continued to be more heavily covered by commercial insurers and Medicaid, as Medicare provides very limited coverage for IV therapies.

Patient Satisfaction and Outcomes

Continuum received a 4.0 star rating from CMS for home health patient satisfaction and a 3.0 star rating for outcomes reported through March 2019. Continuum exceeded both State and National benchmarks in four of the five CMS HHCAPS patient satisfaction categories in the most recently published CMS ratings released through December 2018. Continuum exceeded State and National benchmarks in preventing re-hospitalizations.

For Home Infusion, FY 2019 was the first year national patient satisfaction benchmarks were introduced. Continuum elected to be included in the development of the national benchmarking process through the National Home Infusion Association (NHIA). The FY 2019 Continuum patient satisfaction survey resulted in a 93.8% overall positive rating for care which was .01% higher than the national average.

Employee Engagement and Recognition

In the 2019 Press-Ganey employee engagement survey, UVA Health System recognized Continuum as a Top Performer and overall top tier performing department. Tier-One was achieved for all four survey areas: administration, nursing, therapy, and Home Infusion.

Continuum's Administrator served on the Boards of the Jefferson Area Board on Aging and UVA-Encompass Health Rehabilitation Hospital and also serves on the InnovAgeVirginia PACE Professional Advisory Committee.

Agency Initiatives

The Home Health Nurse Workplace Violence Research Grant by Oscar and Ruth Lanford was completed in FY 2019. The results were presented in October 2019 at the National Association for Home Care and Hospice annual meeting. A research project on gait speed and aging received Investigational Review Board (IRB) approval in FY 2019.

The on-site facility renovation and expansion to accommodate the growing needs of Home Infusion and Home Health is now underway with expected completion in calendar year 2020.

An area of focus for Continuum for FY 2019 was on staff recruitment and retention with staff turn-over down across the board. Despite the drop in turnover, the number of unfilled vacancies remains high forcing continued dependence on contracted physical therapists and nurses.

With a new CMS payment methodology for home health going into effect January 2020, known as the Patient-Driven Grouping Model (PDGM), preparations were initiated in spring 2019 to prepare agency staff and operations for the needed changes. External audits of 2016-2018 claim data were done to help identify areas of focus for success under PDGM.

Continuum is focusing on a number of initiatives to improve patient service, including introduction of an in-office phone management process to decrease patient waiting times on phones and improve staff satisfaction. Continuum Home Infusion and Infectious Disease completed implementation of an Outpatient Antibiotic Team (OPAT) to formalize its collaborative processes with the Continuum Pharmacy on the management of patients discharged to home on IV antibiotics. This effort is aimed at enhancing antibiotic stewardship, as well as preventing re-hospitalizations and improving patient outcomes.

Continuum's documentation committee continues its work to optimize Epic home health documentation to reduce the time professional staff spend documenting and to improve clinician work-life balance.