

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

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

**March 5, 2020**

**HEALTH SYSTEM BOARD**  
**Thursday, March 5, 2020**  
**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	K. Craig Kent, M.D.
Pamela F. Cipriano	M. Elizabeth Magill
Jennifer Wagner Davis	Scott A. Syverud, M.D.
Chris A. Ghaemmaghani, M.D.	David S. Wilkes, M.D.

**AGENDA**

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C. Health System Finance Report from the Finance Working Group and Discussion (Mr. Robert M. Blue and Mr. Douglas E. Lischke)	3
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<b>III. SCHOOL OF MEDICINE REPORT (Dean Wilkes)</b>	
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<b>IV. POST-ACUTE SERVICES REPORTS (Dr. Robert D. Powers)</b>	
• Transitional Care Hospital Operations Report (Written Report)	30
<b>V. CLOSED SESSION</b>	
• Discussion of proprietary, business-related information about 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; 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, to improve 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:** March 5, 2020

**COMMITTEE:** Health System Board

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

**ACTION REQUIRED:** None

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

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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.B. Opening Remarks from the EVP for Health Affairs

**ACTION REQUIRED:** None

**BACKGROUND:** On February 1, 2020, Dr. Kent became Executive Vice President for Health Affairs at the University of Virginia. Dr. Kent has held several leadership positions, including Chief of the combined Division of Vascular Surgery at Columbia and Cornell, Chair of the Department of Surgery at the University of Wisconsin, and most recently Dean of the College of Medicine at The Ohio State University. His background includes substantial experience in growing clinical, research, and educational programs as well as health system management. He is the current chair of the American Board of Surgery and a member of the National Academy of Medicine.

**DISCUSSION:** The Executive Vice President for Health Affairs will provide opening remarks that do not require formal action.

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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.C. Health System Finance Report from the Finance Working Group and Discussion

**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.

**FINANCE REPORT**

Overall, the Health System’s operating income is favorable to budget for the six months ended December 31, 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	39.1	46.3	65.1			
Shared Services	(14.4)	(16.7)	(21.8)			
<b>Consolidated Medical Center</b>	<b>24.7</b>	<b>29.6</b>	<b>43.2</b>	<b>2.7%</b>	<b>3.3%</b>	<b>4.9%</b>
Academic Recurring Operations	9.9	2.3	11.9			
Strategic Investment from Reserves	(14.0)	(14.7)	(13.0)			
One Time Transfers	5.4	5.4	2.9			
<b>SOM Academic</b>	<b>1.3</b>	<b>(7.0)</b>	<b>1.7</b>	<b>0.5%</b>	<b>-2.8%</b>	<b>0.7%</b>
Clinical Operations	16.9	5.6	10.8			
Support of Academic Mission	(18.4)	(16.9)	(15.3)			
<b>UPG - SOM Clinical</b>	<b>(1.5)</b>	<b>(11.3)</b>	<b>(4.5)</b>	<b>-0.6%</b>	<b>-4.6%</b>	<b>-2.0%</b>
<b>Library - Health System</b>	<b>(0.3)</b>	<b>(0.8)</b>	<b>0.4</b>	<b>-8.5%</b>	<b>-25.7%</b>	<b>10.0%</b>
Health System Support/Transfers	(31.8)	(26.8)	(21.8)			
<b>Consolidated Health System</b>	<b>(6.1)</b>	<b>(16.2)</b>	<b>19.0</b>	<b>-0.5%</b>	<b>-1.2%</b>	<b>1.5%</b>

**UVA School of Medicine (Academic Enterprise)**

Through the second quarter of Fiscal Year 2020, the academic enterprise generated a \$9.9M surplus in its academic recurring operations. This reflects a \$7.6M 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 \$14.0M, funded by the Dean’s reserves. Also, the School received \$5.4M in transfers from the Medical Center for capital improvements (Pinn Hall renovations).

**UVA Physicians Group (Clinical Enterprise)**

Through the second quarter of Fiscal Year 2020, the clinical enterprise (UPG) produced an operating loss of \$1.5M, which was \$9.8M favorable to budget and \$3.0M favorable to the prior year. The favorable budget variance is primarily driven by strong patient care volumes that are ahead of budget and \$2.7M 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 the financial assistance policies effective January 1, 2020. The operating loss includes an unbudgeted one-time \$1.5M transfer of funds to the School of Medicine for market returns earned on the Academic Advancement Fund. UPG results include \$18.4M investment in the academic mission, including this one-time \$1.5M transfer.

**UVA Medical Center**

After six months of operations in Fiscal Year 2020, the operating income for all business units was \$24.7M, resulting in a 2.7% operating margin. Operating income was unfavorable to budget by \$4.9M driven by key volume indicators – discharges were 6.2% below budget with surgical cases and outpatient visits exceeding budget - and the all payor case mix at 2.15 exceeded budget by 3.1%. 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 December, the Medical Center generated \$54.9M in cash from operations (EBITDA) after transfers and cash reserves totaled 207 days. Total expenses adjusted for volume and case mix index were 1.4% unfavorable to budget.

Total paid employees for all business units, including contracted employees, were 147 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 144 nurse travelers.

	<b><u>FY2020</u></b>	<b><u>2020 Budget</u></b>
Employee FTEs	8,696	8,678
Contract Labor FTEs	287	158
Salary, Wage and Benefit Cost / FTE	\$87,700	\$89,071
Total FTEs	8,983	8,836

**Transitional Care Hospital**

For the first half of Fiscal Year 2020, the operating loss for the Transitional Care Hospital (TCH) was \$2.2M, yielding an unfavorable budget variance of \$1.0M. 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 141 discharges through the second quarter of Fiscal Year 2020, 96% 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 \$1.1M 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
	Dec-18	Dec-19	Dec-20	Dec-20
Net patient revenue	\$801.6	\$856.7	\$876.8	\$879.9
Other revenue	<u>24.3</u>	<u>26.6</u>	<u>27.1</u>	<u>25.1</u>
Total operating revenue	<u>\$825.9</u>	<u>\$883.3</u>	<u>\$904.0</u>	<u>\$905.0</u>
Operating expenses	748.1	779.7	817.3	812.8
Depreciation	49.5	50.6	52.8	53.4
Interest expense	10.2	9.8	9.3	9.2
Total operating expenses	<u>\$807.9</u>	<u>\$840.1</u>	<u>\$879.3</u>	<u>\$875.4</u>
Operating income (loss)	<u>\$18.1</u>	<u>\$43.2</u>	<u>\$24.7</u>	<u>\$29.6</u>
Non-operating income (loss)	<u>\$14.0</u>	<u>(\$70.5)</u>	<u>\$1.8</u>	<u>(\$32.7)</u>
Net income (loss)	<u>\$32.1</u>	<u>(\$27.3)</u>	<u>\$26.5</u>	<u>(\$3.1)</u>
Principal payment	\$10.3	\$10.8	\$10.9	\$10.9

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

Description	Most Recent Three Fiscal Years		
	Dec-18	Dec-19	Dec-20
<b>Assets</b>			
Operating cash and investments	\$6.2	\$85.5	\$50.5
Patient accounts receivables	236.4	244.4	257.5
Property, plant, and equipment	1,090.2	1,201.8	1,304.5
Depreciation reserve and other investments	575.6	472.0	459.1 *
Endowment Funds	628.0	623.9	701.0
Other assets	<u>266.1</u>	<u>259.4</u>	<u>272.8</u>
<b>Total Assets</b>	<u>\$2,802.4</u>	<u>\$2,886.9</u>	<u>\$3,045.5</u>
<b>Liabilities</b>			
Current portion long-term debt	\$15.4	\$16.1	\$15.9
Accounts payable & other liabilities	130.9	125.2	145.4
Long-term debt	790.3	772.8	758.4
Accrued leave and other LT liabilities	<u>256.6</u>	<u>406.1</u>	<u>389.5</u>
<b>Total Liabilities</b>	<u>\$1,193.2</u>	<u>\$1,320.3</u>	<u>\$1,309.1</u>
<b>Fund Balance</b>	<u>\$1,609.2</u>	<u>\$1,566.6</u>	<u>\$1,736.3</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$2,802.4</u>	<u>\$2,886.9</u>	<u>\$3,045.5</u>

\*\$459.1M includes ED/Bed Tower bond issue funds of \$56.4M

**University of Virginia Medical Center  
Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	Dec-18	Dec-19	Dec-20	Dec-20
	Operating margin (%)	2.2%	4.9%	2.7%
Current ratio (x)	1.7	2.3	1.9	2.0
Days cash on hand (days)	142	197	207	190
Gross accounts receivable (days)	53.4	50.7	51.5	50.0
Annual debt service coverage (x)	4.5	1.6	4.4	3.6
Debt-to-capitalization (%)	35.0%	35.1%	32.3%	34.0%
Capital expense (%)	7.4%	7.2%	7.1%	7.2%

**University of Virginia Medical Center  
Operating Statistics**

Description	Most Recent Three Fiscal Years			Budget/Target
	Dec-18	Dec-19	Dec-20	Dec-20
	Acute Discharges	14,662	14,745	14,229
Patient days	94,551	95,575	97,207	96,903
Observation Billed Encounters - MC only	2,014	2,579	2,595	2,505
All Payor CMI Adj Avg Length of Stay - MC only	3.00	2.98	3.03	2.93
OP Billed Encounters	378,658	393,931	413,812	408,889
ER Billed Encounters	21,981	21,478	22,930	21,738
All Payor CMI - MC Only	2.09	2.09	2.15	2.09
Average beds available				
FTE's (including contract labor)	8,524	8,666	8,983	8,836

**University of Virginia Medical Center**  
**SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES**  
**Fiscal Year to Date December 31, 2019 with Comparative Figures for Prior Fiscal Year**

<b>OPERATING STATISTICAL MEASURES</b>									
<b>DISCHARGES and CASE MIX - Year to Date</b>					<b>OTHER INSTITUTIONAL MEASURES - Year to Date</b>				
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>		<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>
<b>DISCHARGES:</b>					<b>ACUTE INPATIENTS:</b>				
Medical Center	14,088	15,022	(6.2%)	14,568	Inpatient Days - MC	92,620	92,095	0.6%	90,795
Transitional Care	141	174	(19.0%)	177	All Payor CMI Adjusted ALOS - MC	3.03	2.93	(3.2%)	2.98
Subtotal	14,229	15,196	(6.4%)	14,745	Average Daily Census - MC	503	501	0.6%	494
Observation Billed Encounters	2,595	2,505	3.6%	2,579	Births	1,008	1,001	0.7%	1,002
Total Discharges & OBS Billed Encounters	16,824	17,701	(5.0%)	17,324	<b>OUTPATIENT BILLED ENCOUNTERS:</b>				
Adjusted Discharges	31,593	32,995	(4.2%)	32,081	Medical Center	413,812	408,889	1.2%	393,931
					Average per Clinic Day	3,271	3,232	1.2%	3,164
					Emergency Room - MC	22,930	21,738	5.5%	21,478
<b>CASE MIX INDEX:</b>					<b>SURGICAL CASES</b>				
All Payor CMI - UVA Hosp & Clinics	2.15	2.09	3.1%	2.09	UVA Main Hospital Operating Room	9,352	9,259	1.0%	9,037
Medicare CMI - UVA Hosp & Clinics	2.32	2.20	5.5%	2.20	Battle	6,555	6,510	0.7%	6,395
					Total	15,907	15,769	0.9%	15,432

<b>OPERATING FINANCIAL MEASURES</b>									
<b>REVENUES and EXPENSES - Year to Date</b>					<b>OTHER INSTITUTIONAL MEASURES - Year to Date</b>				
(\$s in thousands)	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>	(\$s in thousands)	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>
<b>NET REVENUES:</b>					<b>NET REVENUE BY PAYOR:</b>				
Net Patient Service Revenue	876,836	879,940	(0.4%)	856,745	Medicare	\$ 256,194	\$ 254,071	0.8%	\$ 244,252
Other Operating Revenue	27,140	25,067	8.3%	26,565	Medicaid	162,932	175,397	(7.1%)	166,028
Total	\$ 903,976	\$ 905,007	(0.1%)	\$ 883,310	Commercial Insurance	132,174	131,350	0.6%	133,495
					Anthem	189,960	187,275	1.4%	178,059
					Aetna	68,707	67,656	1.6%	58,548
					Other	66,869	64,190	4.2%	76,363
<b>EXPENSES:</b>					Total Paying Patient Revenue	\$ 876,836	\$ 879,940	(0.4%)	\$ 856,745
Salaries, Wages & Contract Labor	\$ 397,757	\$ 395,567	(0.6%)	\$ 387,499	<b>OTHER:</b>				
Supplies	238,684	234,960	(1.6%)	222,310	Collection % of Gross Billings	27.53%	27.53%	(0.0%)	28.92%
Contracts & Purchased Services	180,811	182,240	0.8%	169,923	Days of Revenue in Receivables (Gross)	51.5	50.0	(3.0%)	50.7
Depreciation	52,760	53,440	1.3%	50,568	Cost per CMI Adjusted Admission	\$ 12,986	\$ 12,637	(2.8%)	\$ 12,305
Interest Expense	9,254	9,209	(0.5%)	9,763	Total F.T.E.'s (including Contract Labor)	8,983	8,836	(1.7%)	8,666
Total	\$ 879,266	\$ 875,417	(0.4%)	\$ 840,064	F.T.E.'s Per CMI Adjusted Admission	24.40	23.71	(2.9%)	23.90
Operating Income	\$ 24,710	\$ 29,591	(16.5%)	\$ 43,247					
Operating Margin %	2.7%	3.3%		4.9%					

University of Virginia Medical Center

**SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES**

Fiscal Year to Date December 31, 2019 with Comparative Figures for Prior Fiscal Year

**Assumptions - Operating Statistical Measures**

**Discharges and Case Mix Assumptions**

Discharges include all admissions except normal new births

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 births

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:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.D. Health System Development Report

**ACTION REQUIRED:** None

**BACKGROUND:** Health System Development will provide reports of recent activity to the Health System Board from time to time.

**DISCUSSION:**

**SIGNIFICANT GIFTS  
November 1 – December 31, 2019**

The School of Nursing received a transformational \$20M gift from Bill and Joanne Conway to support the enrollment of 1,000 new nursing students over the next decade. The gift, which is the largest single commitment in the School's history, will help address the growing nursing shortage and improve care and health outcomes for patients and families across the Commonwealth. The Conways have also given \$15M in prior contributions to the School of Nursing to support and expand its Clinical Nurse Leader Program, and to establish a named scholars program.

A UVA Health Foundation emeritus trustee committed \$3.15M to support the LaunchPad for Diabetes Program.

The Ivy Foundation has pledged \$1.25M over the next five years in continuation of its support of the Ivy Foundation Biomedical Innovation Research Fund awards. The awards provide funding for translational research projects that address the unmet clinical need, deliver improvements in patient care, and lead toward the development of new intellectual property and commercial partnerships.

A medical alumnus documented an increase of \$1.25M in the amount of his bequest in support of Alzheimer's research and medical scholarships.

A UVA alumnus committed \$850,000 through his family foundation to support feasibility and preparatory work for a potential clinical trial using memantine as a prophylactic for Alzheimer's disease. Of the gift, \$725,000 is designated to the School of Medicine, which is collaborating with the College on this initiative.

A friend of UVA Health committed \$850,000 to support a clinical trial for melanoma under the direction of Dr. Craig Slingsluff.

A School of Medicine alumnus increased his existing bequest for medical student scholarship support by \$600,000.

A grateful patient and his wife contributed a gift of real estate valued at \$389,000. The proceeds of the sale will support a variety of areas at UVA Health.

Friends of UVA Health named UVA's cancer immunotherapy program as the beneficiary of a planned gift valued at \$300,000.

A grateful patient and his wife made an annual gift of \$250,000 to support Dr. Tom Loughran's LGL Leukemia research program.

A UVA alumni couple committed \$250,000 for the Faculty Support Fund in the School of Nursing.

Friends of UVA Health contributed \$210,000 in support of Dr. Karen Rheuban's work in Telehealth.

Friends of UVA Health contributed \$200,000 in support of the Thaler Center for HIV and Retrovirus Research.

The Charlottesville Track Club donated \$135,000 in proceeds from their 37<sup>th</sup> annual Charlottesville Women's 4-Miler to support UVA's Breast Care Program.

A School of Medicine faculty member and his wife, both of whom are medical alumni, contributed \$105,000 to Infectious Disease for the School of Medicine Alumni Association Fellows Education Fund to help defray costs for conference travel and general education opportunities.

A medical alumnus documented a \$100,000 bequest to establish a School of Medicine scholarship fund.

A friend of the Health System contributed \$100,000 in support of Dr. Craig Slingsluff's lab in the UVA Cancer Center.

A medical alumnus and his wife established a \$100,000 Bicentennial Scholarship in support of School of Medicine students.

A friend of UVA Health made a \$100,000 commitment to create a Bicentennial Fellowship for the UVA Cancer Center.

Two medical alumni established a \$100,000 Bicentennial Scholarship in support of School of Medicine students and have asked other classmates to participate.

Friends of UVA Health committed \$100,000 to the Ann Randall Bacas Endowed Scholarship at the SON.

***Other gifts and pledges received include:***

- A \$67,000 contribution to support the Rebecca Clary Harris Fellowship;
- A \$62,749 contribution to support the Eleanor Crowder Bjoring Center for Historical Inquiry;
- A \$62,000 contribution to support the multiple sclerosis program in the School of Medicine;
- A \$59,943 contribution for unrestricted support of UVA Children’s;
- A \$55,000 contribution to UVA Cancer Center in support of cancer research;
- A \$50,000 contribution in support of UVA Cancer and UVA Children’s initiatives; and
- A \$50,000 pledge to create an expendable award to encourage innovation in the Department of Otolaryngology.

**CAMPAIGN PROGRESS THROUGH DECEMBER 31, 2019**

As of December 31, UVA Health has received \$405,457,470 in total commitments towards its \$1 billion goal (40.5% of goal).

**FISCAL YEAR FUNDRAISING PROGRESS THROUGH DECEMBER 31, 2019**

New gifts	\$16,371,357
New pledges	\$22,416,812
<b>Total new commitments</b>	<b>\$38,788,169</b>
New future support	\$2,901,781
<b>Total new gifts, pledges and future support</b>	<b>\$41,689,950</b>

*\*Excludes pledge payments on a previously booked pledge*



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

<b><u>BOARD MEETING:</u></b>	March 5, 2020
<b><u>COMMITTEE:</u></b>	Health System Board
<b><u>AGENDA ITEM:</u></b>	I.E. UVA Transforms Care for Diabetic Patients/Creation of Artificial Pancreas
<b><u>ACTION REQUIRED:</u></b>	None

**BACKGROUND:** Boris P. Kovatchev, Ph.D. is Professor at the University of Virginia (UVA) School of Medicine, Adjunct Professor at UVA's School of Engineering and Applied Science, and the founding Director of the UVA Center for Diabetes Technology (CDT). He received his Ph.D. in Mathematics from Sofia University "St. Kliment Ohridski," Bulgaria in 1989. Kovatchev has a 30-year track record in mathematical modeling and computing, with a primary focus on diabetes technology since 1996. Currently, he is Principal Investigator of several projects dedicated to the development and testing of closed-loop control (known as the artificial pancreas) and decision support systems for diabetes, including the large-scale NIH/NIDDK International Diabetes Closed-Loop Trial (grant UC4 DK 108483), Project "Nightlight" (NIH grant R01 DK 085623), and the University of Virginia's PrIMeD Project (Precision Individualized Medicine for Diabetes). Kovatchev is author of over 200 peer-reviewed publications and holds 85 patents. In 2008 he received the U.S. Diabetes Technology Leadership Award; in 2011, he was named the UVA's Edlich-Henderson Inventor of the Year, and in 2013 he was the recipient of JDRF's Gerold and Kayla Grodsky Award presented for outstanding scientific contributions to diabetes research. In 2015, Kovatchev was a co-founder of TypeZero Technologies – a successful start-up that was acquired in 2018 by Dexcom, Inc., a leading manufacturer of sensors for diabetes monitoring.

**DISCUSSION:**

**UVA CDT – The Leader in Diabetes Technology Data Science**

The Center for Diabetes Technology (CDT), was established in 2010 and, in association with the School of Medicine and School of Engineering, has pursued a path to advance the use of technology and analytics for improved monitoring and treatment of diabetes. Today, CDT is the undisputed world leader in the development of Artificial Pancreas (AP) technology – the most contemporary personalized treatment for type 1 diabetes (T1D). Translation of science, creation of intellectual property, and industry relationships are and will continue to be, central to the CDT. The center's mission is, therefore, in line with the contemporary trends of academic progress at UVA and with the growing understanding of the importance of translational science.

The IP developed at the CDT includes the most effective AP algorithm to date, which was licensed to industry and incorporated in a commercial system. With significant NIH funding, the center has completed the largest to date multi-center artificial pancreas trial – 168 people participated for six months each. *The New England Journal of Medicine* published the excellent results in October 2019. This pivotal trial led to the FDA approval of the new AP system for clinical use on December 13, 2019. Next-generation systems are on the CDT drawing board, together with establishing the scientific base for a new discipline - Biosensing Data Science – funded by UVA’s strategic investment in diabetes and collaboration with the new School of Data Science.

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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** II.A. Cardiac Rhythm Management Products Contract

**BACKGROUND:** The Board of Visitors is required to approve the execution of any contract where the amount per year is more than \$5M.

**DISCUSSION:** Per Medical Center procurement policy, the contract listed below exceeds \$5M in spending per year and thus, exceeds the signatory authority of the Executive Vice President for Health Affairs.

- Medtronic USA, Inc. for Cardiac Rhythm Management products

The Medical Center's operating budget reflects the expense for goods and services purchased through this contract.

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

**SIGNATORY AUTHORITY FOR CARDIAC RHYTHM MANAGEMENT PRODUCTS  
CONTRACT (MEDICAL CENTER)**

RESOLVED, the Board of Visitors authorizes the Executive Vice President for Health Affairs to execute with Medtronic USA, Inc. the Cardiac Rhythm Management Products contract on behalf of the Medical Center.

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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** II.B. Medical Center Interim Chief Executive Officer Remarks

**ACTION REQUIRED:** None

**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:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.I.C. Medical Center Operations Report

**ACTION REQUIRED:** None

**BACKGROUND:** This report summarizes operations of the Medical Center with a 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**

Performance on the Medical Center’s balanced scorecard metrics has notably improved in 30 Day Readmissions, Hospital Associated Pressure Ulcers, and Deep Vein Thrombosis Pulmonary Embolisms. Reestablished coalitions for Catheter-Associated Urinary Tract infections and Falls with Injury have also contributed to performance improvements over the previous fiscal year.

**Goal: To be the healthiest work environment**

Team member injuries, as measured by the Total Case Injury Rate is performing significantly better than the previous fiscal year. A key component of that performance has been improvements in the rate of sharps injuries. Overall, sharps injuries are down 20% from the prior year, with injuries occurring to interns and residents down by 29% and those associated with injections of insulin or heparin down 70%.

Work continues to improve team member engagement. Press Ganey will conduct a “pulse” survey this spring for all teams who ranked in the lowest third of engagement (called Team Index 3). The goal is to reduce the number of Team Index 3 teams by 25%.

**Goal: To provide exceptional clinical care**

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

Inpatient experience, as defined by the overall hospital rating of 9s and 10s for fiscal year-to-date 2020, is 78.6% (76<sup>th</sup> percentile) over the prior fiscal year (77.8%) but under target (79.7%). 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 is focusing on one component of the Bundle. This past quarter the focus was on Leader Rounding, where members of the unit leadership team attempted to round on all patients each day. Real-time feedback from patients has been very valuable as they work to reinforce standard work and quickly take corrective actions as needed. Units with a high number of survey returns and below-target performance are receiving additional support from leadership and Be Safe coaches to maximize the use of the Bundle and the visual manage board as they focus on the team members' daily activity of providing patient-centered care.

Outpatient clinic patient experience results defined as the "willingness to recommend provider's office" for fiscal year-to-date 2020 is 93.2% (71<sup>st</sup> percentile), below target (93.7%), and slightly below the prior fiscal year (93.3%). Ambulatory Optimization remains a focus. The pilot of appointment reminder texts will be expanded in the coming quarter. The Experience Project, a small group of providers, Patient Experience Office members, and UVA Learning will be launching a workshop for providers titled "Creating Meaningful Provider-Patient Connections." This program's content was developed and will be facilitated by UVA's top-performing providers.

In fiscal year-to-date 2020, the Emergency Department patient experience score was 82.9 (41<sup>st</sup> percentile) and is slightly above the prior fiscal year (82.8) and below target (86.5). Key strategies include role delegation for the Rapid Medical Evaluation process (RME), Direct Bedding, and Leader Rounds on patients, especially those in the waiting room. Another key strategy is the use of AIDET® communication approaches, which is required training for all team members. The training helps team members reconnect with why they are caregivers and helps them deliver compassionate care. Regarding the impact of the new and expanded Emergency Department, areas with notable improvement are Comfort of waiting area +15.3 pts, Waiting time to treatment area +6.0 pts, Nurses concern for privacy +4.3 pts and Cleanliness of ER and surrounding area +14.3 pts. Overall Mean score has not seen an improvement.

There are several initiatives underway to assess and rectify electronic medical record challenges for physicians and advanced practice providers. Two of these initiatives are SmartChart and SmartChart, which were presented at the September 2019 Health System Board Meeting. New results show that UVA providers who have participated in the SmartSmart program have a considerably more favorable experience with the electronic medical record. Meanwhile, the SmartStart program is on schedule for its April 2020 launch.

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

Interdisciplinary huddling, a key performance indicator for the Daily Management system, is now reported on the Medical Center balanced scorecard. Through December

2019, interdisciplinary huddles were occurring at an 87.5% rate for inpatient units and a 90% rate for Ambulatory clinics, both above the 80% target.

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

As noted in the Finance report, after six months of operations in fiscal year 2020, the operating income for all business units was \$24.7M, resulting in a 2.7% operating margin. 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 project reached a significant milestone on January 17 with the completion of the four-story steel structure. The project team hosted a “topping out” ceremony to mark the achievement.

The new infusion center opened on the fourth floor of the Emily Couric Clinical Cancer Center in December, adding 26,000 square feet and 18 additional infusion bays (total 54).

The University Hospital expansion project remains on schedule with on-time openings of the Emergency Department (October) and Level 2 procedural areas, including CTU (November), Interventional Cardiology (January), Interventional Radiology (January), and four new Operating Rooms (January). The next phases of openings for 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 an initial inspection for a Technician Check Technician Pilot Program.

The Virginia Department of Behavioral Health and Developmental Services completed a routine licensing inspection.

The Accreditation Council for Graduate Medical Education Clinical Learning Environment Review completed a review providing feedback on the UVA graduate medical education program.

The National Supplier Clearinghouse, as directed by the Centers for Medicare and Medicaid Services, approved the UVA Specialty Pharmacy to provide durable medical equipment.

The American Diabetes Association recognized the Children's Hospital Endocrinology Diabetes Education program, making both the adult and pediatric programs recognized.

The Foundation for the Accreditation of Cellular Therapy approved the submission of the Stem Cell program's annual report.



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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** II.D. Annual Compliance Report

**ACTION REQUIRED:** None

**BACKGROUND:** The Corporate Compliance and Privacy Department (“Department”) provides an annual overview of the Corporate Compliance program, including an update of significant issues affecting the Medical Center’s program. The Department also prepares an annual project schedule based on potential organizational risks for noncompliance with Federal or State law or other regulations and in alignment with the strategic goals of UVA Health.

**DISCUSSION:**

The Department implements and oversees a system-wide Corporate Compliance program (“Program”) consistent with the values and mission of UVA Health, the guidelines of the United States Department of Health and Human Services, and state and regional regulations. The compliance function promotes the prevention, detection, and resolution of actions and behaviors that do not conform to legal, policy, or business standards. This responsibility includes the obligation to develop policies and procedures that provide team member guidance, training to reinforce and promote compliance, the development of plans to improve or sustain compliance, metrics to measure Program and corrective action outcomes, and communication and reports to help management and board members evaluate the effectiveness of the Program against the standard elements of a compliance program. Highlights of these standards and outcomes are as follows.

**Compliance Officer and Compliance Committee**

The Chief Corporate Compliance and Privacy Officer (“Officer”) reports to the Chief Executive Officer of the Medical Center and has been in the position of overseeing the operations of the Department and the and implementation of the Program for three years. The programmatic changes implemented to create more visibility and support have been successful in achieving a Department that interacts with and supports teams and management in achieving the goals of preventing, detecting and resolving actual and potential non-compliance, as evidenced by the increasing involvement of the Department as a resource in problem-solving potential compliance risk. The Officer routinely reports to the University of Virginia Audit, Compliance and Risk Committee, and annually to the Health System Board.

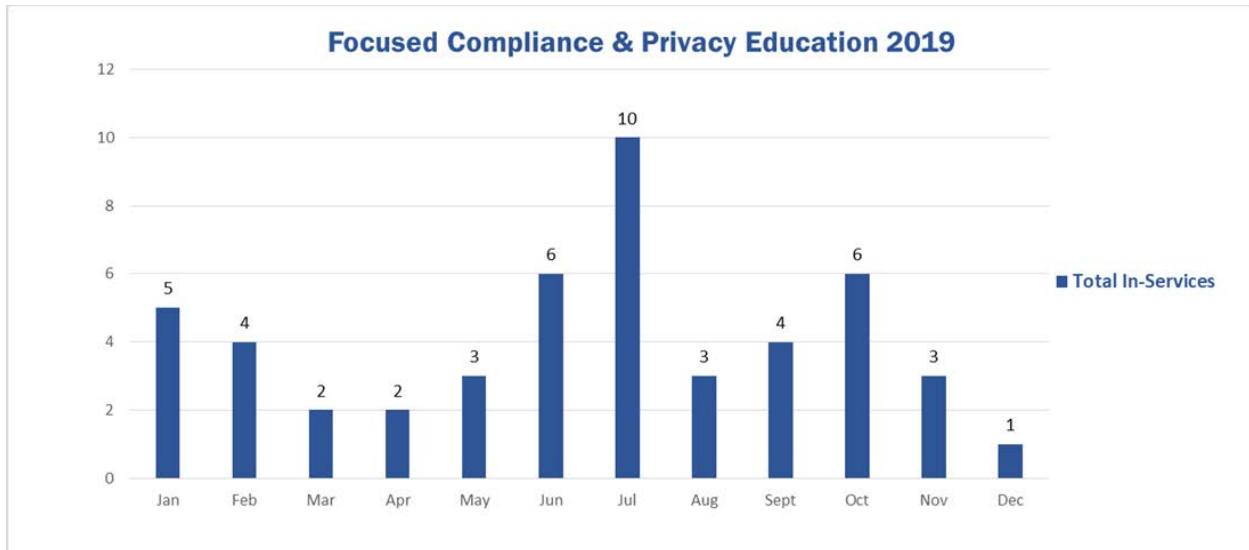
The Corporate Compliance Steering Committee (“Committee”) is advisory in nature and guides Program implementation. It meets quarterly, is chaired by the Officer, and has a membership including representatives from Legal, Quality, Risk, Clinical Chairs, Service Line Leaders, and the current President of the Clinical Staff. The revised membership of the Committee also includes representatives from key compliance-related functions, such as Information Security, Revenue Cycle, Laboratory and Health Information Services, which has provided a greater depth of subject matter expertise to better educate and inform Committee members on actual and potential compliance risks. There is a standing agenda item to provide timely education and resources to Committee members on topics such as cybersecurity risks, Freedom of Information Act requirements, data interoperability, etc., to assist them in their advisory role, and Committee members routinely engage in dynamic and informative discussions on agenda topics, providing valuable thoughts and feedback.

### **Written Policies and Procedures**

Organizations must establish standards, procedures, and controls to prevent and detect unethical conduct. As many operational areas have compliance requirements and impacts, the Officer is directly involved in health system policy development, review, and feedback; the Officer is also involved in providing review and feedback for University-level policies that involve UVA Health team members, managers, and operations. Compliance-related policies are reviewed and discussed routinely with the Committee. Standing policies are examined and updated to remain current with industry trends and regulations; new policies are developed as needed, e.g., the policy regarding requirements and responsibilities relating to social media.

### **Effective Training and Education**

Compliance communication and education of involved individuals throughout all levels of the organization are key as compliance requirements and regulations are constantly changing, requiring a diligent effort to keep managers and team members updated. The Program emphasizes training and communication to promote compliance awareness and visibility, in on-boarding, annually, and also episodic, customized training for specific teams to address identified issues and compliance risks. Training follow-up to documented issues also serves as mitigating corrective action, and the live training supports the optimal engagement of the target audience and application of learning post-education. The Officer also routinely updates and advises the Medical Center Management Group on compliance issues and activities. The following graph displays the number of focused, episodic training sessions conducted by the Officer and Department in designated operational meetings and settings in addition to onboarding and annual compliance training.



### **Effective Lines of Communication**

The Department receives reports of compliance concerns and issues in a variety of ways. The organization operates in a culture of transparent reporting and identifying opportunities for improvement. Thus several reports are received through the Be Safe reporting system. The Department also routinely receives reports via telephone calls, emails and personal contacts; very few reports arrive anonymously via the Compliance Help Line, attesting to the culture of transparency.

### **Ongoing Monitoring and Auditing**

As part of its responsibility under the Health Insurance Portability and Accountability Act (“HIPAA”), the Department routinely conducts Privacy site audits across UVA Health. Department team members provide notice to the prospective audit site leadership and use a consultative approach in performing the walk-through by providing immediate feedback and question resolution during the process. In calendar year 2019, a total of 37 sites were audited; 12 inpatient units, 14 outpatient clinics, and 11 procedural areas. Observed findings were communicated and resolved, and recommendations provided.

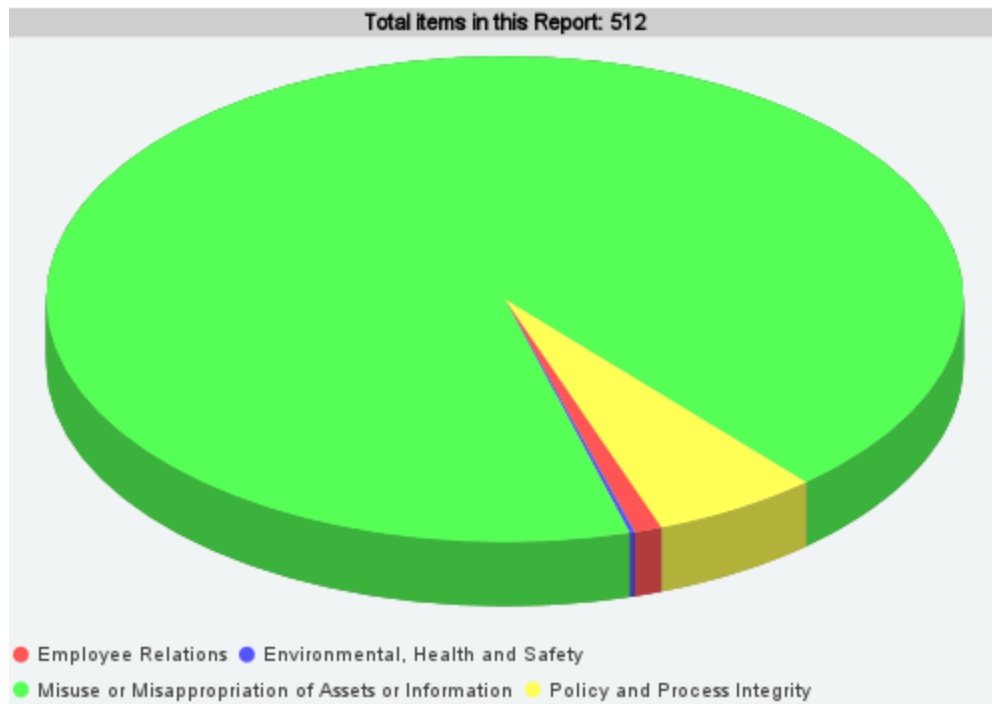
A portion of Department work supports the monitoring of UVA Health data integrity, coding, and billing compliance. Audit priority may be derived from multiple sources, e.g., the OIG annual work plan, observed trends, noted concerns, or regulatory changes. Audits are also performed for TCH operations. The Department collaborates with the involved department leaders and team members to review the findings and develop corrective action plans as needed, which the Department oversees to completion. The following graph notes audits completed in calendar year 2019.

<b>Coding and Process Audits 2019</b>
Modifiers for 340b Drug Program
Medicare Secondary Payer Questionnaire (MSPQ) Review
Primary Diagnosis Coding Accuracy/Clinical Documentation Review: Heart Failure & NSTEMI
TCH - Transitional Care Hospital
Geriatric Services Review: Continuum NP
Coding Review MS DRG 864

**Prompt Response to Detected Problems and Enforcement of Standards**

Organizations are required to take appropriate investigative action in response to suspected compliance and ethics violations. The Department investigates and responds to all reported issues and concerns and maintains a central repository for managing and tracking incident information and follow-up actions and outcomes. Investigations are done in collaboration with management, and the appropriate resources such as Legal, Human Resources, and Information Security. Organizational policy regarding corrective action and enforcement of standards is applied consistently by leadership with Human Resources and Department oversight. The following graph displays the population and primary allegation class of the 512 reported and investigated events in 2019, 383 of which were substantiated and resolved with appropriate follow up and corrective action.

**Calendar Year 2019  
Reports by Primary Allegation Class**



## **Summary**

Calendar year 2019 demonstrated further integration of the changes made by leadership in the prior two years to develop the Department as an accessible and reliable resource to the organization. The Department is visible and viable, actively engaging with management and team members in providing resources and assistance in identifying compliance risks and resolving issues. The Officer and Department team members work side by side with the organization, providing the enforcement and consulting necessary to prevent, detect, and resolve non-compliance while positively interacting with, supporting, and facilitating UVA Health leaders, managers, and team members. The Officer is a contributing member of the University of Virginia Compliance Network and routinely collaborates with the University Physicians Group and the University of Virginia Internal Audit department to create a program that is consistent, comprehensive, and effective for UVA Health.

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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** III.A. Dean of the School of Medicine Remarks: The Importance of Academic Medical Centers

**ACTION REQUIRED:** None

**DISCUSSION:** Dean Wilkes will discuss the unique attributes of an academic medical center (AMC). AMCs differ from community hospitals and non-profit medical systems because of the overlap of teaching, research, and clinical care. It is in this intersection where the latest treatments and technologies are taken from the inspired idea through rigorous trials and then to the patient's bedside. This intersection is where learning takes place while providing care, and where clinicians and investigators collaborate to find solutions.

Dean Wilkes also will provide a brief update on the value of research in the School of Medicine.

**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**

In the December 5, 2019, HSB report, Dean Wilkes discussed annual department reviews and the School of Medicine cabinet retreat where the data is synthesized to inform the cabinet's areas of focus for the coming year. One of the themes that emerged was the high level of burnout in faculty and staff.

As a result of these findings, the Dean requested that the Medical Center CEO and the President of UPG join him in inviting faculty and staff to complete an informal poll and to attend a series of town halls regarding the cabinet's areas of focus. Although not a scientific inquiry, the overwhelming consensus was that mitigating burnout is a high priority for both faculty and staff.

Several resources currently exist to help those suffering from burnout – the Faculty and Employee Assistance Program, Be Wise, the clinical Ethics Service, the Compassionate Care Initiative, efforts being undertaken in individual departments, and other resources. These are not centrally managed or coordinated, and they generally focus on providing relief to the individual without identifying or seeking to remedy the underlying systemic cause of burnout.

The School of Medicine will be inviting a consultant to conduct an in-depth School-wide assessment that will include focus groups spanning clinical and basic science, faculty and staff, leadership, and support services. From these interviews and carefully constructed questionnaires, a few action plans will be developed for the entire school staff and faculty. We anticipate that this work will highlight areas where collaboration is called for among the School, the Medical Center, and UPG, especially in those units where multiple variables (e.g., safety, civility, discrimination) indicate a significantly greater struggle for these groups.

Addressing burnout is a complex process that will require ongoing effort. The School of Medicine will report periodically on the steps being taken and the results to date.



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

**BOARD MEETING:** March 5, 2020

**COMMITTEE:** Health System Board

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

**ACTION REQUIRED:** None

**BACKGROUND:** 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 second quarter of Fiscal Year 2020 resulted in some positive outcomes for the patients it served. The mortality rate for the year-to-date is only 5.43 % compared to benchmark data of 9.34%. Also, our acquired C. Difficile rate is 0.53 compared to 1.0 national incidence rate. Also, our ventilator weaning rate is 57.7% compared to a national average of 61.1% but was more a reflection of the patients we accepted and less about performance as some patients admitted were for vent teaching and not weaning. Finally, our 30-day unplanned readmission rate to the Medical Center was 20.7% compared to an internal goal of 20%.

Other areas of opportunity include a reduction in team member injuries and a reduction in skin integrity issues. Both areas are outside of target ranges for the year and are receiving management focus and efforts. A performance improvement project was started around the skin integrity issue and has resulted in better performance with no reportable skin integrity worsening in the second quarter. Team member injuries mostly resulted from staff not following prescribed protocols. Remediation is ongoing.

**SERVING**

In Fiscal Year 2020 to date, TCH had an average daily census of 26.5 patients. We had a total of 141 admissions, an acuity index of 1.07 for Medicare patients but an overall acuity index of only 1.05 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 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 \$1.1 million in savings to the system.

Our Patient Satisfaction Scores continue to reflect a high level of satisfaction with the care provided at TCH. Of the surveys returned so far in Fiscal Year 2020, 20 of 22 surveys rated TCH a 9-10 on a 10-point Likert scale and all respondents but one stated they would recommend TCH to others. While the sample size was small, patient feedback remains positive, and we will 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 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 the second quarter which allowed us to increase our census capacity to 28 patients. In addition, we had many fun employee activities in the second quarter, including an international food pot luck, two holiday parties which included one for employees' children with gifts for each, and food delivered on each holiday in December. We look forward to further improvements in the remainder of Fiscal Year 2020.

## **BUILDING**

Our Patient Progression Department manages the entire patient stay from referral to admission to discharge. Our hospital liaisons are clinicians who educate referral sources and facilitate admissions. The Admissions Coordinator manages insurance authorizations and admissions paperwork. Case managers then take over at the point of admission to ensure continued stay authorization, successful stay and discharge plan.

For the first two quarters of Fiscal Year 2020, 94% of TCH admissions came from the Medical Center while the rest came from outside hospitals. Breakdown of admissions by medical categories include 32% vent weaning and respiratory complex, 38% medically complex and 28% complex wounds. Discharge to home and skilled nursing facilities remain our highest discharge dispositions of the four lower-level of care options (IRF, SNF, Home, and Hospice). Our case mix index was 1.05 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. Our average length of stay through the second quarter of Fiscal Year 2020 was 29.25 for all payers and 26.47 for Medicare patients.

## **RECENT DESIGNATIONS, INSPECTIONS AND CERTIFICATIONS**

There was a complaint survey conducted by the Virginia Department of Health in November 2019. The complaint was unsubstantiated and there were no deficient practices identified. TCH is expecting its triennial Joint Commission inspection in third quarter of Fiscal Year 2020.