

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

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

June 6, 2019

HEALTH SYSTEM BOARD
Thursday, June 6, 2019
8:00 a.m. – 12:00 p.m.
Board Room, The Rotunda

Committee Members:

L.D. Britt, M.D., Chair	James B. Murray Jr.
Babur B. Lateef, M.D., Vice Chair	James V. Reyes
Frank M. Conner III	A. Bobby Chhabra, M.D., Faculty Consulting Member
Tammy S. Murphy	Jessica Lukacs, M.D., Student Member

Public Members:

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

Ex Officio Members:

James E. Ryan	Pamela M. Sutton-Wallace
Jennifer Wagner Davis	Scott A. Syverud, M.D.
Dorrie K. Fontaine	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, School of Medicine and the Transitional Care Hospital, where disclosure at this time would adversely affect the competitive position of the Medical Center, the School of Medicine or the Transitional Care Hospital, specifically:	
– Strategic personnel, 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 Clinical Enterprise and expected impact for Fiscal Year 2019 and Fiscal Year 2020; all of which further the strategic initiatives of the Medical Center, the School of Medicine, 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, legislative and accreditation standards, and Clinical Staff member investigation; 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: June 6, 2019

COMMITTEE: Health System Board

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

ACTION REQUIRED: None

BACKGROUND: The Committee Chair, Dr. Britt, will welcome guests and provide opening remarks.

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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.B. Reports from the Acting Executive Vice President for Health Affairs and Chief Executive Officer

ACTION REQUIRED: None

BACKGROUND: Pamela M. Sutton-Wallace is the Acting Executive Vice President for Health Affairs and Chief Executive Officer of the Medical Center. She joined the Medical Center in July 2014. Prior to arriving at UVA, Sutton-Wallace served as senior vice president of hospital operations at Duke University Hospital from 2011-2014. Since 1997, she has held leadership positions with the Duke University Health System including the oversight of ambulatory services, inpatient operations, and surgical services.

DISCUSSION: The Acting Executive Vice President will inform the Health System Board (HSB) of recent events that do not require formal action and will provide an update for the Health System consolidated goals.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS CONSENT AGENDA**

I.C. APPROVAL OF TRANSFER OF MEMBERSHIP INTEREST IN BROAD AXE CARE COORDINATION, LLC TO THE MEDICAL CENTER AND DISSOLUTION OF HEALTHCARE PARTNERS, INC.:

Approves transfer of the membership interest in Broad Axe Care Coordination, LLC, d/b/a Locus Health to the University of Virginia Medical Center and winding down and dissolution of Healthcare Partners, Inc.

In April 1995, the Board of Visitors approved the Medical Center’s formation, together with the Health Services Foundation (now the University of Virginia Physicians Group or “UPG”), of a Virginia non-stock corporation known as Healthcare Partners, Inc. (“HCP”). The Board designated HCP as a University-Related Foundation under Board of Visitors’ Policy then in effect. In March 2019 the Board of Visitors amended the Policy on University-Related Foundations and renamed Related Foundations as “University-Associated Organizations” (“UAO” or “UAOs”). HCP has outlived its usefulness to the University, and the University no longer desires for HCP to be a UAO or to continue.

The assets of HCP include a minority 8.73% membership interest in Broad Axe Care Coordination, LLC, d/b/a Locus Health (“Broad Axe”), which interest is held solely on behalf of the Medical Center. In addition, HCP has less than \$50,000 in cash, which upon dissolution and paying of all creditors and expenses of HCP, would be distributed 80% to the Medical Center and 20% to UPG, subject to approval by the HCP Board.

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

TRANSFER OF MEMBERSHIP INTEREST IN BROAD AXE CARE COORDINATION, LLC TO THE MEDICAL CENTER AND DISSOLUTION OF HEALTHCARE PARTNERS, INC.

WHEREAS, the Board of Visitors approved the formation of Healthcare Partners, Inc. as a University-Related Foundation in 1995; and

WHEREAS, the University no longer wishes for Healthcare Partners, Inc. to be a University-Related Foundation or a University-Associated Organization and desires to wind down and dissolve Healthcare Partners, Inc. as authorized hereby; and

WHEREAS, the University desires the membership interest in Broad Axe be transferred directly to the Medical Center;

RESOLVED, the Board of Visitors authorizes the transfer to the University of Virginia Medical Center of all of the interest held by Healthcare Partners, Inc. in Broad Axe Care Coordination, LLC, d/b/a Locus Health; and

RESOLVED FURTHER, the Board of Visitors authorizes the University of Virginia Medical Center to take all steps necessary to wind down the business and dissolve Healthcare Partners, Inc.; and

RESOLVED FURTHER, the Board of Visitors authorizes the Acting Executive Vice President for Health Affairs and Chief Executive Officer of the University of Virginia Medical Center (the "Acting EVP") to execute on behalf of the University and the Medical Center any and all documents necessary, all on such terms as the Acting EVP deems appropriate, and to take all other actions necessary and appropriate to effectuate the foregoing.

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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.D.1. Health System Consolidated Financials Fiscal Year 2019 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, he was the Associate Vice President for Financial Services and Controller for Wake Forest Baptist Medical Center. Lischke 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 favorable to budget for the nine months ended March 31, 2019.

	Operating Income			Operating Margin		
	Actual	Budget	Pr Year	Actual	Budget	Pr Year
UVA Hospital, Clinics, Subs & Joint Ventures	94.7	95.7	80.4			
Shared Services	(31.4)	(32.6)	(50.2)			
Consolidated Medical Center	63.3	63.2	30.2	4.8%	4.8%	2.4%
Academic Recurring Operations	17.1	8.0	18.4			
Strategic Investment from Reserves	(19.2)	(21.0)	(23.4)			
One Time Transfers	3.3	8.5	12.3			
SOM Academic	1.2	(4.5)	7.3	0.4%	-1.3%	2.2%
Clinical Operations	14.8	13.3	9.5			
Support of Academic Mission	(22.1)	(23.4)	(26.0)			
UPG - SOM Clinical	(7.3)	(10.1)	(16.4)	-2.1%	-2.9%	-5.0%
Library - Health System	(0.5)	(0.1)	1.2	-9.2%	-3.2%	24.7%
Health System Support/Transfers	(30.9)	(34.9)	(38.8)			
Consolidated Health System	25.9	13.5	(16.4)	1.4%	0.7%	-0.9%

UVA School of Medicine (Academic Enterprise)

Through the third quarter of Fiscal Year 2019, the academic enterprise generated operating income of \$1.2M, a \$5.7M favorable variance to budget. This favorable variance was driven by increased gifts and endowment distributions as well as favorable salary coverage on grants and decreased controlled non-personnel spending.

UVA Physicians Group (Clinical Enterprise)

Through the third quarter of Fiscal Year 2019, the clinical enterprise (UPG) produced an operating loss of \$7.3M, which was \$2.8M favorable to budget. The favorable budget variance is primarily driven by lower pension expenses as well as strong performance within UVA Imaging. UPG results include \$22.1M investment in the academic mission.

UVA Medical Center

After nine months of operations in Fiscal Year 2019, the operating income for all business units was \$63.3M, resulting in a 4.8% operating margin. Operating income was favorable to budget by \$0.2M driven by key volume indicators – discharges were on budget with surgical cases and outpatient visits exceeding budget - and the all payor case mix on plan at 2.10. 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. The Medical Center generated \$108.2M in operating cash after transfers, and cash reserves totaled 197 days. Total expenses adjusted for volume and case mix index were 0.7% favorable to budget.

Total paid employees for all business units, including contracted employees, were 52 below 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 100 nurse travelers.

	<u>FY 2019</u>	<u>2019 Budget</u>
Employee FTEs	8,410	8,453
Contract Labor FTEs	324	333
Salary, Wage and Benefit Cost / FTE	\$88,791	\$88,832
Total FTEs	8,733	8,785

Transitional Care Hospital

For the nine months ended March 31, 2019, the operating loss for the Transitional Care Hospital (TCH) was \$2.2M, yielding an unfavorable budget variance of \$2.4M. 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 lower case mix index and a worsening payor mix. Of the 252 discharges though the nine months of Fiscal Year 2019, 79% were from the Medical Center, further

demonstrating the importance and value of long term acute care services in the continuum of care.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-17	Mar-18	Mar-19	Mar-19
Net patient revenue	\$1,159.6	\$1,202.0	\$1,286.2	\$1,268.8
Other revenue	<u>41.4</u>	<u>37.4</u>	<u>39.2</u>	<u>35.7</u>
Total operating revenue	<u>\$1,201.0</u>	<u>\$1,239.4</u>	<u>\$1,325.3</u>	<u>\$1,304.6</u>
Operating expenses	1,044.4	1,120.0	1,171.7	1,149.3
Depreciation	71.4	74.0	75.8	76.8
Interest expense	<u>13.0</u>	<u>15.2</u>	<u>14.6</u>	<u>15.3</u>
Total operating expenses	<u>\$1,128.8</u>	<u>\$1,209.2</u>	<u>\$1,262.0</u>	<u>\$1,241.4</u>
Operating income (loss)	<u>\$72.2</u>	<u>\$30.2</u>	<u>\$63.3</u>	<u>\$63.2</u>
Non-operating income (loss)	<u>\$23.4</u>	<u>(\$2.5)</u>	<u>(\$10.4)</u>	<u>(\$45.2)</u>
Net income (loss)	<u>\$95.6</u>	<u>\$27.7</u>	<u>\$52.9</u>	<u>\$18.0</u>
Principal payment	\$12.8	\$15.4	\$16.2	\$16.2

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

Description	Most Recent Three Fiscal Years		
	Mar-17	Mar-18	Mar-19
Assets			
Operating cash and investments	\$68.4	\$17.4	\$40.9
Patient accounts receivables	184.9	215.5	275.4
Property, plant and equipment	987.7	1,126.1	1,216.8
Depreciation reserve and other investments	613.0	551.3	480.5
Endowment Funds	582.9	631.6	661.0
Other assets	<u>263.8</u>	<u>260.8</u>	<u>261.4</u>
Total Assets	<u>\$2,700.8</u>	<u>\$2,802.7</u>	<u>\$2,935.9</u>
Liabilities			
Current portion long-term debt	\$8.4	\$10.5	\$10.2
Accounts payable & other liab	113.6	112.1	141.1
Long-term debt	767.4	792.9	772.7
Accrued leave and other LT liab	<u>259.2</u>	<u>282.4</u>	<u>365.1</u>
Total Liabilities	<u>\$1,148.6</u>	<u>\$1,197.8</u>	<u>\$1,289.2</u>
Fund Balance	<u>\$1,552.2</u>	<u>\$1,604.9</u>	<u>\$1,646.8</u>
Total Liabilities & Fund Balance	<u>\$2,700.8</u>	<u>\$2,802.7</u>	<u>\$2,935.9</u>

*

*\$480.5M includes ED/Bed Tower bond issue funds of \$109.1M

**University of Virginia Medical Center
Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-17	Mar-18	Mar-19	Mar-19
Operating margin (%)	6.0%	2.4%	4.8%	4.8%
Current ratio (x)	2.1	1.9	2.1	2.0
Days cash on hand (days)	153.4	148.1	196.7	190.0
Gross accounts receivable (days)	46.8	50.2	52.9	45.0
Annual debt service coverage (x)	7.0	3.8	4.7	3.6
Debt-to-capitalization (%)	44.2%	44.9%	43.9%	47.6%
Capital expense (%)	7.5%	7.4%	7.2%	7.4%

**University of Virginia Medical Center
Operating Statistics**

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-17	Mar-18	Mar-19	Mar-19
Acute Discharges	21,697	21,834	22,053	22,129
Patient days	136,171	142,027	143,433	143,982
Observation Billed Encounters - MC only	3,296	3,132	3,752	2,911
All Payor CMI Adj Avg Length of Stay - MC only	2.88	3.02	3.01	2.96
OP Billed Encounters	586,777	574,459	594,936	582,278
ER Billed Encounters	32,444	33,534	32,550	32,743
All Payor CMI - MC Only	2.12	2.09	2.10	2.10
Average beds available				
FTE's (including contract labor)	8,122	8,584	8,733	8,785

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
 Fiscal Year to Date March 31, 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	21,801	21,819	(0.1%)	21,565	Inpatient Days - MC	136,335	135,214	0.8%	134,330
Transitional Care	252	310	(18.7%)	269	All Payor CMI Adjusted ALOS - MC	3.01	2.96	1.7%	3.02
Subtotal	22,053	22,129	(0.3%)	21,834	Average Daily Census - MC	498	493	1.0%	490
Observation Billed Encounters	3,752	2,911	28.9%	3,132	Births	1,471	1,339	9.9%	1,358
Total Discharges & OBS Billed Encounters	25,805	25,040	3.1%	24,966	OUTPATIENT BILLED ENCOUNTERS:				
Adjusted Discharges	48,150	47,176	2.1%	46,146	Medical Center	594,936	582,278	2.2%	574,459
CASE MIX INDEX:					SURGICAL CASES				
All Payor CMI - UVA Hosp & Clinics	2.10	2.10	0.3%	2.09	Average per Clinic Day	3,190	3,089	3.3%	3,039
Medicare CMI - UVA Hosp & Clinics	2.21	2.23	(0.8%)	2.23	Emergency Room - MC	32,550	32,743	(0.6%)	33,534
					UVA Main Hospital Operating Room				
					Battle	9,667	9,116	6.0%	8,871
					Total	23,227	22,052	5.3%	21,819

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
(\$ in thousands)					(\$ in thousands)				
NET REVENUES:					NET REVENUE BY PAYOR:				
Net Patient Service Revenue	1,286,151	1,268,848	1.4%	1,201,978	Medicare	\$ 366,673	\$ 357,804	2.5%	\$ 349,465
Other Operating Revenue	39,192	35,719	9.7%	37,432	Medicaid	249,242	251,069	(0.7%)	239,914
Total	\$ 1,325,343	\$ 1,304,567	1.6%	\$ 1,239,409	Commercial Insurance	200,403	197,167	1.6%	196,466
EXPENSES:					OTHER:				
Salaries, Wages & Contract Labor	\$ 585,797	\$ 592,672	1.2%	\$ 564,139	Collection % of Gross Billings	28.90%	29.11%	(0.7%)	29.36%
Supplies	335,338	309,687	(8.3%)	299,267	Days of Revenue in Receivables (Gross)	52.9	45.0	(17.6%)	50.1
Contracts & Purchased Services	250,549	246,932	(1.5%)	256,566	Cost per CMI Adjusted Admission	\$ 12,546	\$ 12,634	0.7%	\$ 12,637
Depreciation	75,793	76,795	1.3%	73,977	Total F.T.E.'s (including Contract Labor)	8,733	8,785	0.6%	8,584
Interest Expense	14,551	15,326	5.1%	15,214	F.T.E.'s Per CMI Adjusted Admission	23.79	24.50	2.9%	24.58
Total	\$ 1,262,028	\$ 1,241,413	(1.7%)	\$ 1,209,162					
Operating Income	\$ 63,315	\$ 63,154	0.3%	\$ 30,247					
Operating Margin %	4.8%	4.8%		2.4%					

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: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.D.2. Fiscal Year 2020 Operating and Capital Budgets for the University of Virginia Health System

BACKGROUND: The Health System includes the Medical Center, the School of Medicine (SOM), the University of Virginia Physicians Group (UPG), and the Library. The Medical Center, School of Medicine, and Library’s operating and capital budgets are consolidated with the University’s overall budget. UPG is deemed a component unit and, therefore, reported separately from the University. The Board of Visitors acts on the proposed budget based on a recommendation of endorsement from the Health System Board.

DISCUSSION: For Fiscal Year 2020, the Health System is budgeting a \$7.4M operating surplus as described below. There are three primary drivers for the year-over-year change: reimbursement headwinds of \$10M, increased infrastructure and overhead costs associated with hospital expansion, and a growing research portfolio of \$15M.

	Operating Income		Operating Margin	
	<u>FY19P</u>	<u>FY20B</u>	<u>FY19P</u>	<u>FY20B</u>
UVA Hospital, Clinics, Subs & Joint Ventures	134.0	115.0		
Shared Services	(43.6)	(37.3)		
Consolidated Medical Center	90.4	77.7	5.1%	4.2%
Academic Recurring Operations	12.8	7.7		
Strategic Investment from Reserves	(25.2)	(27.4)		
One Time Transfers	5.2	10.9		
SOM Academic	(7.2)	(8.8)	-1.6%	-1.8%
Clinical Operations	28.3	25.9		
Support of Academic Mission	(30.5)	(34.0)		
UPG - SOM Clinical	(2.3)	(8.1)	-0.5%	-1.6%
Library - Health System	(0.0)	0.0	-0.4%	0.0%
Health System Support/Transfers	(42.0)	(53.4)		
Consolidated Health System	38.8	7.4	1.5%	0.3%

The Health System must continue to reduce overall expenses through operational efficiencies. Despite the challenging financial environment expected going forward, management is developing specific financial improvement plans to mitigate rising costs and reimbursement reductions.

OPERATING PLAN: The rapidly changing healthcare environment will require continuous examination of budget assumptions and on-going financial performance. Through continuous improvement activities using lean methodologies, leadership will identify and implement quality and process improvement strategies that will allow for operational streamlining and cost efficiencies.

The major strategic initiatives that impact next year's fiscal plan include:

- Operational planning for transition into hospital expansion space and continued focus on growth of tertiary/quaternary care.
- Continued focus on team member and patient safety and quality outcomes improvement.
- Execution of expense reduction plans to include supply pricing improvement and reductions in supply utilization, clinical practice variation, and a review of administrative redundancies.
- Advancement of ambulatory optimization work including the continued implementation of patient-centered centralized scheduling and focus on provider satisfaction with the Epic Electronic Medical Record.
- Complete the transition of the faculty physician enterprise towards a Group Practice model, complete with standards for productivity and compensation, cost structure optimization, and funds flow refinement.
- Pursue compensation, retention, and productivity improvements to include maintaining market driven and performance compensation enhancements for faculty and staff, implementing nurse retention plan to improve nurse satisfaction and reduce turnover and use of contract labor, and continuing focus on research productivity.
- Continued development of the Specialty Pharmacy program.
- Stabilization and optimization of Workday and UFirst Human Resources service delivery plan.
- Continued development of School of Medicine IT infrastructure, data, and analytic capabilities, as well as investment in Ivy Mountain and Pinn Hall facilities.
- Implementing programs funded by the new National Institutes of Health funded Clinical and Translational Science Award.
- Continued development of internally managed employee wellness program (Be Well).
- Maintain and improve our strategic partnerships.

Other major factors that impact the ability to accomplish the budget include (industry wide and not UVA specific):

- Federal and state legislative and regulatory pressures, specifically related to further reimbursement reductions.
- Continued increase in consumerism; pressure on cost of care and price transparency, specifically for commodity services.
- Ability to contain costs and gain efficiencies, serving as both the community safety net and a regional tertiary quaternary health system.
- Maintaining and growing a superior workforce in an environment where workforce shortages continue and provider burnout is a concern.

School of Medicine (Academic Enterprise)

The Academic Enterprise budgeted operating margin after transfers is (\$8.8M). The transfers include support for operating expenses, mainly for research, which would not occur if there were no support. It is important to note that the Academic margin includes two significant one-time, non-recurring items. To accurately review the sustainability of the School's operations, these non-recurring items should be excluded. The first is a transfer from the Medical Center of \$10.9M for the renovation of Pinn Hall. These funds are included in the operating statement of the School; however, they are used for capital improvements. The second is strategic spending, which are funds used for one-time, strategic investments by departments in research, education, and clinical practice. The Dean funds these investments with reserves, rather than ongoing recurring operating funds. After excluding these non-recurring items, the School's *Academic Recurring Operations* margin after transfers is \$7.7M.

The education mission is composed primarily of the Medical Education Program, the Biomedical Sciences Graduate Program, and the Masters of Public Health Sciences. The Board of Visitors approved a 3.5% tuition increase for the Biomedical Sciences Graduate Program and the Masters of Public Health Sciences programs. Tuition, fees, and enrollment for the Medical Education Program will remain the same as Fiscal Year 2019. In Fiscal Year 2020, the University will implement a change to the funding model, by which the schools will receive tuition revenue and assume expenses for the graduate programs' summer semester. The School of Medicine faculty also provide the training for the Graduate Medical Education and Fellowship programs.

The total grant expenses for the Fiscal Year 2020 budget are projected to increase 13.2% over the Fiscal Year 2019 projection. The research mission is anticipated to grow in the coming years as a result of material investment in the expansion of the research portfolio including the Translational Health Research Institute (THRIV), the Strategic Hiring Initiative (SHI), as well as research programs funded through the University's Strategic Investment Funds (SIF). The Fiscal Year 2020 budget includes \$3.6M Clinical Translational Science Award (CTSA) expenses. In the Fiscal Year 2020 budget, Strategic Hires are expected to bring in \$16M in grant revenue, an increase of \$6M over the projected SHI grants revenue in Fiscal Year 2019. Facilities and Administrative (indirect

cost recoveries) revenue is expected to grow by 12.3%, reflecting the growth in grants revenue and the effort to diversify the research portfolio with non-NIH awards, which typically provide less indirect cost recovery.

Total capital spending for the academic mission is budgeted at \$27.8M in Fiscal Year 2020. Most notably, and materially significant, is the Pinn Hall renovation, which accounts for approximately \$23.7M of budgeted capital spend. Additional capital spending of \$8.1M in Fiscal Year 2020 is planned for equipment (of which \$6.0M will be funded by grants and operating income and \$2.1M will be funded by the State).

UVA Physicians Group (Clinical Enterprise)

The Clinical Enterprise is comprised of professional services provided through UPG. The Fiscal Year 2020 budget's operating margin before and after contributions to support the academic mission is \$25.9M and (\$8.1M), respectively. This reflects increases to patient care volumes through local and regional growth and close management of operating costs while supporting physician satisfaction to mitigate provider burnout. The Fiscal Year 2020 budget includes a 2.3% increase in patient care volumes over Fiscal Year 2019 projection. This seemingly modest growth is a function of Fiscal Year 2019 volumes that include the catch-up of prior year activity, particularly as related to the Radiology expansion in the northern market. Total expenses before support of the academic mission are expected to increase 6.8% over the Fiscal Year 2019 projection, with the vast majority of that growth being driven by labor at 5.9% up over Fiscal Year 2019 projection. The increase in labor expense reflects UPG administrative operations maintaining flat FTE's year-over-year, an optimistic assumption for onboarding clinical faculty providers, and expenses for the defined benefit faculty pension plans that have not yet begun to decrease after the final plan closed to new participants in January 2017. Contributions, the vast majority of which are to support the research and teaching efforts of the School of Medicine, are reflected in the plan at \$34.0M. Capital spend is budgeted at \$9.3M in Fiscal Year 2020, primarily due to clinical expansion and refurbishment of existing Clinical Practice locations; \$3.5M of the planned capital spend will be financed through an existing bank loan.

Medical Center

Market Conditions: For Fiscal Year 2020, discharges are budgeted to grow 1.3% from Fiscal Year 2019 projected levels. Although statewide admissions are trending downward, our budgeted projection is driven by targeted growth efforts across Children's, Heart and Vascular, Oncology, and Transplant services.

Outpatient services are expected to grow by 4.5% in total. The following table includes historical and projected patient volumes:

	Actual FY 2018	Projected FY 2019	Budget FY 2020
Discharges Medical Center	28,820	29,519	29,913
Discharges Transitional Care	358	358	352
Adjusted Discharges	61,612	65,250	66,197
Average length of stay MC	6.34	6.11	6.13
ALOS Transitional Care Hosp.	28.40	27.58	27.10
Outpatient Encounters - MC	773,269	790,308	825,642

Revenues: Fiscal Year 2020 budgeted revenue is \$1.838B, 3.7% above projected Fiscal Year 2019 revenue. The Medical Center has seen a disproportionate share of revenue growth in Medicaid and Medicare, and expects this trend to continue as the population ages. One of the Medical Center's largest challenges is the unwillingness of government payers to increase their payments commensurate with the increases in medical delivery costs. Growth in revenues into Fiscal Year 2020 will result from rate increases in commercial contracts and an uptick in volumes.

Medical Center outpatient surgical volumes are expected to increase 2.7% as the number of procedures available in the ambulatory setting continues to expand, while main operating room surgeries are expected to grow 3.2%, driven primarily by Heart and Vascular, and Transplant services.

The Medical Center expects an aggregate rate increase of 2.9% on commercial contracts, which is commensurate with rate increases that will generally be implemented in the hospital industry. Medicaid expansion will significantly reduce our indigent care payer mix although we expect the change to largely be revenue neutral, as many Indigent Care patients are now eligible for Medicaid coverage.

Expenses: Expenses from operations are projected to increase by \$77.5M from the Fiscal Year 2019 projection, a 4.6% increase. This represents a 2.5% increase when adjusting for volume and patient acuity. About \$10M is related to new operating expense to enable hospital expansion. With the exception of new Emergency Department volume and revenue planned in Fiscal Year 2020, the Medical Center will not fully realize gains from the expansion until future years.

Previous increases in capital investment will result in additional net depreciation expense of \$6.1M for Fiscal Year 2020 as the Medical Center invests in strategic projects. The Medical Center's 2019-2020 fiscal plan accounts for this additional expense while preserving its goal of providing high quality and cost effective health care, education, and research services.

Staffing: The Medical Center's Fiscal Year 2020 budget has been benchmarked with comparable academic medical centers. FTEs are planned at 8,938, an increase of 194 FTEs from the current Fiscal Year projection of 8,744 FTEs. Please see the reconciliation below:

	Actual FY 2018	Projected FY 2019	Budget FY 2020
Total Paid FTEs	8,623	8,744	8,938
Change from Prior Year		121	194
% Change		1.4%	2.2%
Breakdown			
Volume and labor standard			94
Ramping up for Hospital Expansion			60
New approved positions and full on-boarding current staff			40

With regard to compensation increases, the pool for market, merit, and living wage actions has been established at \$14.6M, which includes the impact on benefit costs and is based on a 2.0% salary adjustment in aggregate and October implementation date. Compensation changes related to market comparisons will be done strategically to maintain competitiveness across various hard-to-fill or retain positions. Team member's specific merit increases will be based on Fiscal Year 2020 performance reviews.

A summary of historical and projected financial operating results are provided as follows:

(Millions)	Actual FY 2018	Projected FY 2019	Budgeted FY 2020
Total operating revenue	\$1,695	\$1,773	\$1,838
Operating expense	1,624	1,683	1,760
Operating income before transfers	71	90	78
Transfers to SOM*	(76)	(42)	(53)
Operating Income after transfers	(\$5)	\$48	\$24
Operating margin	4.2%	5.1%	4.2%
Operating Cash**	\$170	\$192	\$186

* Represents Medical Center Transfers to the SOM and UPG. All other non-operating, such as investments and joint ventures are excluded from this presentation.

** Operating Cash is operating income before transfers and before depreciation and amortization.

Transitional Care Hospital: The Medical Center includes a Transitional Care Hospital (TCH) as a strategically important asset. The TCH budget for Fiscal Year 2020 has an operating loss of \$2.5M. This loss is due to the changing mission of TCH. TCH has expanded its focus to serve not only long-term acute care patients who qualify for higher long term acute care hospital (LTACH) reimbursement, but also medically complex patients who require acute care, but do not need to be at the Medical Center, and difficult to place patients ready for discharge, regardless of their ability to pay. TCH total discharges are expected to be 352 with 274 projected to come from the Medical Center, which will provide

a \$3.0M financial benefit to the Medical Center, which exceeds TCH's operating loss. By caring for these patients in a lower cost setting, TCH is able to reduce Medical Center operating costs and create capacity for additional Medical Center admissions.

Capital Plan: Funds available to meet capital requirements are derived from operating cash flows, funded depreciation reserves, philanthropy, and investment income. The Health System faces many challenges regarding capital funding as continued pressures on the operating margin affect cash flow, while demand for capital has increased significantly due to space requirements, technological advances, and aging of equipment and facilities. Subject to funds availability, the Health System management team recommends \$160.6M be authorized for Fiscal Year 2020 capital requirements. Request per enterprise: Medical Center \$129.0M, School of Medicine \$35.9M (with \$10.1M funded from external sources), and UPG \$9.3M (with \$3.5M financed through existing debt).

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

2019-2020 OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER AND THE UNIVERSITY OF VIRGINIA TRANSITIONAL CARE HOSPITAL

RESOLVED, the 2019-2020 \$1.8 billion operating and \$129.0 million capital budgets for the University of Virginia Medical Center, inclusive of the University of Virginia Transitional Care Hospital, are approved as recommended by the President, the Acting Executive Vice President for Health Affairs, the Chief Operating Officer, and the Health System Board.

Schedule A
University of Virginia - Medical Center
Projected Fiscal Plan
FY2020

	FY2018 Actual	FY2019 Forecast	FY2020 Budget
Revenues			
Total Gross Charges	\$ 5,531,151,074	\$ 5,892,847,202	\$ 6,410,424,974
Less Deductions:			
Indigent Care Deduction	322,110,289	335,259,429	220,249,652
Bad Debt	108,989,588	91,762,284	97,199,578
Contractual Deduction	3,457,936,424	3,745,273,688	4,306,241,431
Total Deductions	3,889,036,301	4,172,295,400	4,623,690,661
Net Patient Revenue	1,642,114,773	1,720,551,802	1,786,734,313
Miscellaneous Revenue	52,821,251	52,472,763	51,162,117
Total Revenue	1,694,936,024	1,773,024,565	1,837,896,430
Expenses			
Expenses from Operations			
Operating Expenses	1,504,532,954	1,560,142,812	1,633,509,776
Depreciation and Amortization	98,686,661	102,094,295	108,210,113
Interest Expense	20,302,098	20,413,229	18,434,609
Total Expenses from Operations	1,623,521,713	1,682,650,336	1,760,154,498
Operating Income	71,414,312	90,374,229	77,741,932
Non-Operating Expense Transfers *	(76,413,729)	(42,023,118)	(53,385,768)
Net Income After Transfers	\$ (4,999,418)	\$ 48,351,111	\$ 24,356,164
Statistics			
Discharges - Medical Center	28,820	29,519	29,913
Discharges - Transitional Care Hospital	358	358	352
Outpatient Encounters	773,269	790,308	825,642
Emergency Room Billed Encounters	44,276	43,311	45,542
Average Length of Stay - Medical Center	6.34	6.11	6.13
Average Length of Stay - Transitional Care Hospital	28.40	27.58	27.10

* Represents Medical Center Transfers to SOM. All other investment activity such as investment earnings and joint ventures are excluded from this presentation.

University of Virginia Medical Center
Operating Financial Plan
(dollars in thousands)

	FY2020 Budget	FY2019 Projected	FY2019 Budget	FY2018 Actual
Operating Revenues				
Total Gross Charges	\$6,410,425	\$5,892,847	\$5,826,107	\$5,531,151
Less Deductions:				
Indigent Care Deduction	220,250	335,259	330,162	322,110
Bad Debt	97,200	91,762	91,419	108,990
Contractual Deduction	4,306,241	3,745,274	3,704,330	3,457,936
Total Deductions	4,623,691	4,172,295	4,125,911	3,889,036
Net Patient Revenue	1,786,734	1,720,552	1,700,196	1,642,115
Miscellaneous Revenue	51,162	52,473	47,582	52,821
Total Operating Revenues	1,837,896	1,773,025	1,747,778	1,694,936
Operating Expenses				
Compensation and Benefits	796,882	778,040	791,796	759,329
Supplies, Utilities, and Other	836,627	782,103	745,137	745,204
Depreciation and Amortization	108,210	102,094	102,961	98,687
Interest Expense	18,435	20,413	20,462	20,302
Total Operating Expenses	1,760,154	1,682,650	1,660,356	1,623,522
Operating Income	77,742	90,375	87,422	71,414
Operating Income Percent	4.23%	5.10%	5.00%	4.21%
Non-Operating Expense Transfers*	(53,386)	(42,023)	(46,729)	(76,414)
Net Income After Transfers	24,356	48,352	40,693	(5,000)
Add back Depreciation and Amortization	108,210	102,094	102,961	98,687
Less Principal Payments on Debt	(22,082)	(21,062)	(19,649)	(20,089)
Add Non-Operating Gains and Transfers	(21,771)	(31,040)	(13,685)	82,686
Cash Available for Capital and Other	88,713	98,344	110,320	156,284
Capital Funded from Operations	(120,923)	(91,354)	(131,470)	(91,235)
Additions to Cash and Reserves	-\$32,210	\$6,990	-\$21,150	\$65,049

* Represents Medical Center Transfers to SOM. All other investment activity such as investment earnings and joint ventures are excluded from this presentation.

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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: I.E. Health System Development Report

ACTION REQUIRED: None

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

DISCUSSION:

**SIGNIFICANT GIFTS
January 1 – March 31, 2019**

A UVA alumnus documented a \$1 million estate gift to be divided among a named scholarship in the School of Nursing and various research projects in the Departments of Neurology, Cardiology, and Neuroscience.

The Soho Center donated 77,000 additional books to UVA Children’s Hospital valued at \$932,646.

A Class of 1959 School of Medicine alumnus and his spouse funded a \$500,000 Charitable Gift Annuity to support the Dean’s Discretionary Fund in the School of Medicine.

A grateful family member documented an estate gift of \$500,000 to fund a research endowment for mantle cell lymphoma in memory of her partner and to recognize the care provided by Dr. Williams.

The Lettie Pate Whitehead Foundation committed \$551,000 in scholarship funding for the School of Nursing and School of Medicine for academic year 2019-2020.

A grateful family member documented a \$450,000 bequest to be split evenly to support the Cancer Center and the Department of Angiography Interventional Radiology.

A Class of 1964 School of Medicine alumnus and his spouse documented a \$300,000 expectancy for the Dean of Medicine’s Discretionary Fund.

The Children’s Hospital Main Event raised \$300,000 for the pediatric cancer program at UVA Children’s Hospital.

An anonymous donor documented a \$250,000 bequest to create a Residents and Fellows Research Endowment in Pathology.

The Health System received a \$142,464 distribution of proceeds from the Blue Ridge Bread/Panera Change for Children Program to support the Pediatric Hematology/Oncology Fellowship and the pediatric cancer research program.

MadiThon, the student-based dance marathon fundraiser at James Madison University, raised \$120,098 for Children's Miracle Network programs at UVA Children's Hospital.

Other gifts and pledges received include:

- a \$100,000 commitment to establish a named Bicentennial Scholars Fund for the School of Nursing;
- a \$100,000 commitment to create a Class of 1974 Bicentennial Scholarship for the School of Medicine;
- a \$100,000 commitment in support of the John A. Jane Fund for Excellence in the Department of Neurosurgery;
- a total of \$65,000 raised by the HooThon Dance Marathon at UVA for the Children's Miracle Network to benefit pediatric cancer programs at UVA Children's Hospital;
- a total of \$51,180 raised through the 6th annual Charlottesville Cares for Kids for the Children's Miracle Network;
- a \$58,000 commitment for research in the Department of Perceptual Studies;
- a \$52,500 commitment in support a naming opportunity for the new orthopedic facility being constructed at UVA's Ivy Mountain site;
- a \$50,000 pledge to benefit the School of Medicine; and
- a \$50,000 lead gift for the H. Blair Marsteller Lectureship in Neuromuscular Diseases.

OTHER DEVELOPMENT INITIATIVES

The Health System Development office hosted a three-day site visit to steward a donor and his wife for past support of the Cancer Center and to deepen their relationship with the University in preparation for their consideration of a new philanthropic commitment during the upcoming campaign. The visit included a meeting with President Ryan and Vice President for Advancement Mark Luellen, who invited the donor to join the University's campaign committee. Other activities included observation of the Situation Room with Dr. Rick Shannon, a cancer research update from Cancer Center Director Dr. Tom Loughran, and dinner with selected Health System leadership and UVA Health Foundation trustees.

The UVA Cancer Center Board hosted a behind-the-scenes lab tour to engage new and prospective donors. UVA Campaign Chair Peter Grant and Board of Visitors member Whitt Clement attended the event, which featured Dr. Tom Loughran, Dr. Mike Engel, Dr.

Trey Lee, and Dr. BJ Purow, and basic scientists Mark Kester, Hui Zong, and Tim Bullock. The event was sponsored by Candel Therapeutics and a Board Host Committee. Proceeds from the event will benefit research in the lab of Hui Zong.

Over the past three months, several events took place in recognition of Dean Dorrie Fontaine’s eleven years of service to the School of Nursing, including farewell receptions that were held in Washington DC, Atlanta, Richmond, and Charlottesville. In addition, the Nursing Class of 2019 achieved 100% participation in making a gift to the School in her honor, and in March following the annual Zula Mae Baber Bice Lecture, nursing donors, alumni, faculty, staff, and family revealed plans for an outdoor Resilience Garden in her honor.

FUNDRAISING PROGRESS
July 1, 2018 – March 31, 2019

FY 2019 Goal: \$100,000,000	
New gifts	\$32,892,839
New pledges	\$5,376,718
New expectancies	\$17,447,538
Total	\$55,718,091

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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

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

BACKGROUND: The Board of Visitors is required to approve the execution of any contract where the amount per year is in excess of \$5 million.

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 Acting Executive Vice President for Health Affairs.

- The American National Red Cross, Biomedical Services – Mid-Atlantic Region, for blood services

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, by the Finance Committee, and by the Board of Visitors

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

RESOLVED, the Board of Visitors authorizes the Acting Executive Vice President for Health Affairs to execute a contract on behalf of the Medical Center with The American National Red Cross, Biomedical Services – Mid-Atlantic Region.

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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: II.B. Medical Center Chief Executive Officer Operations Report

ACTION REQUIRED: None

DISCUSSION: This report summarizes operations of the Medical Center with a focus on Fiscal Year 2019 priorities of quality and safety, patient experience, team member engagement, as well as financial performance and growth.

OPERATIONS REPORT

Goal: To become the safest place to receive care

The Medical Center continues to make progress towards the aggressive performance targets established for Fiscal Year 2019. Compared to Fiscal Year 2018, there has been noted improvement in the rates in several metrics including Hospital Acquired Pressure Ulcers (1.80% to 1.60%), readmissions (13.56% to 12.91%), c. Diff (7.63/10,000 to 6.21/10,000) and Deep Vein Thrombosis Pulmonary Embolism events (5.93/1,000 to 5.51/1,000).

Plans for continuing this **progress** in Fiscal Year 2020 are underway. They include reinigorating broad system-wide coalitions around each key quality and patient safety metric. Each coalition will include a Chief-level executive sponsor, a subject-matter expert as lead, and support from a Be Safe Coach and data analyst. In addition, continued aggressive targets have been established including a renewed focus on Catheter Associated Urinary Tract Infections (CAUTI) to sharpen performance in this area.

Goal: To be the healthiest work environment

The 2019 Health System Engagement Survey launched April 23 and concluded on May 14. The survey covered all team members in the Medical Center, UPG, Health Sciences Library, and School of Nursing, as well as the Clinical Faculty in the School of Medicine. Results are expected in late July. Embedded in this year's survey is a Culture of Patient Safety Survey, which was previously administered separately, but has been combined to prevent survey fatigue.

Medical Center team member voluntary turnover remains in line with national external benchmarks, although higher than target.

Goal: To provide exceptional clinical care

Inpatient units and outpatient clinics continue to experience favorable performance and improvement in patient satisfaction.

Inpatient patient experience performance as reflected in the overall hospital rating of 9's and 10's for Fiscal Year to date 2019 Third Quarter is 77.9% (74th percentile), just below target (78.1%). The Clinical Directors have updated the Standard Work and training for Comfort Rounds. In support of this renewed focus, the Leader Rounding script was revised and made more concise to gain real time feedback from patients on Comfort Rounds and the rest of their experience.

Outpatient clinic patient satisfaction results defined as the "willingness to recommend provider's office" for Fiscal Year to Date 2019 Third Quarter is 93.0% (69th percentile), just under target (93.2%). Improvement is attributed to service line and clinic specific improvement strategies and the organizational focus on Ambulatory Optimization.

The Emergency Department Fiscal Year to Date 2019 Third Quarter patient experience score is 82.2 (28th percentile), which is below Fiscal Year 2018 (83.8) and below target (87.3). There is a multipoint plan, based on best practices and our own Key Driver Report, to improve the Patient Experience in the Emergency Department. Key parts include improved role delegation for the Rapid Medical Evaluation process (RME), Direct Bedding, Leader Rounds on patients and those in the waiting room, and AIDET communication. In March 2019, mandatory meetings were held to communicate the plan to all team members.

On April 29, an event was held to celebrate the 160 UVA providers that have achieved patient experience scores in the 90th percentile in the Press Ganey database.

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

Through nine months of Fiscal Year 2019, the Medical Center's financial performance was favorable with an operating margin of \$63.3M (4.8%) against a budget of \$63.2M (4.8%). Inpatient and outpatient volumes are the primary drivers of favorable performance; specifically surgical and imaging procedures. Medical Center leadership maintains a focus on achieving cost reduction goals in this Fiscal Year and into Fiscal Year 2020 as budget planning has concluded.

The Ivy Mountain project is on schedule with building foundation work visible on the site. The Medical Center continues to evaluate site options to align with the master facility plan and ambulatory strategy.

Recent Designations and Re-certifications

The Metabolic and Bariatric Surgery Accreditation and Quality Improvement Process approved re-accreditation of the UVA Metabolic and Bariatric Surgery Clinic as a comprehensive center.

The Virginia Board of Pharmacy completed a routine certification survey of the pharmacies and services of the Inpatient pharmacy, the Emily Couric Clinical Cancer Center Infusion pharmacy, the Battle Building Outpatient Surgery Center pharmacy, and the Continuum pharmacy.

The Virginia Board of Pharmacy completed a review of the controlled substance registrations of the University Medical Associates, Heart and Vascular, Urology, and Ophthalmology clinics.

The Virginia Board of Pharmacy completed an inspection for the pilot permit for a pharmacy technology check technician.

The Virginia Department of Health completed a routine survey of Augusta Dialysis.

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

<u>BOARD MEETING:</u>	June 6, 2019
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	III.A. School of Medicine Report
<u>ACTION REQUIRED:</u>	None

BACKGROUND: David S. Wilkes, M.D. is the Dean of the School of Medicine. Dr. Wilkes 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 School of Medicine continually evaluates and improves the learning opportunities it provides to students.

The School has a critical need for data and reporting systems that will allow leaders to make informed decisions. It is developing the infrastructure and resources necessary to provide leaders with these business intelligence tools.

MEDICAL EDUCATION

In 2019, the School began a pilot elective in partnership with Charlottesville’s Free Clinic, the International Family Medicine Clinic, the Ryan White Clinic, and Telemedicine. The elective, “Working with Populations that Are Underserved,” lets medical students learn about the issues that confront patients in populations that have difficulty accessing the healthcare system. Students see patients in the clinics and at patients’ homes, they review charts, and they help patients with post-visit matters, such as understanding how to get their prescriptions filled and how to take their medicines. Students also work with social services, legal aid, and other safety net organizations. Their effort serves community and societal needs, and helps them understand the impact of social and behavioral determinants of health. The pilot was very successful and is now a standing elective.

In May, 141 medical students received M.D.s, 17 graduate students received Ph.D.s, 32 students received M.P.H. degrees, six graduated with a Master of Science in Clinical Research, and two graduated with a Master of Science in Biological and Physical Sciences.

BUSINESS INTELLIGENCE

The School of Medicine’s Business Intelligence (BI) program (described in the February 28, 2019, report) supports informed decision-making for the achievement of strategic objectives.

In addition to the Academic Funds Available report discussed in February, the BI program has created two new dashboards. The Underrepresented in Medicine (URM) dashboard shows the percentage of current school-identified racial and ethnic populations underrepresented in the medical profession relative to overall School of Medicine faculty. School administration uses this measure to monitor progress towards the priority to expand the number of URMs among faculty and to compare to available external benchmarks. The report also shows gender ratios.

The Salary Covered by Grants & Contracts dashboard measures one aspect of faculty productivity. The dashboard reports the amount of salary paid on grants as a percentage of total salary for Academic Investigators by primary employee owning organization. This allows comparisons to the School's expectations of minimum salary coverage for all research efforts.

The BI Program has two projects in process: Budget to Actual (financial reporting) and Entrustable Professional Activities metrics (education). Four projects are in the queue: clinical productivity (clinical), space and funding (research), proposals and awards (research), and Liaison Committee for Medical Education (education – accreditation data).

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

<u>BOARD MEETING:</u>	June 6, 2019
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	III.B. Clinical and Translational Science Award
<u>ACTION REQUIRED:</u>	None

BACKGROUND: Karen C. Johnston, M.D., M.Sc., Professor of Neurology, Associate Vice President of Clinical Translational Research, and Co-Director of the integrated Translational Health Research Institute of Virginia (iTHRIV), will provide an overview of the new National Institutes of Health (NIH)-funded Clinical and Translational Science award (CTSA).

In 2016, UVA formed the Translational Health Research Institute of Virginia (THRIV) to facilitate multi-disciplinary, cross-Grounds, biomedical and health-related research focused on improving the health of Virginians. Encouraged by the early success of THRIV in enabling UVA researchers from various disciplines across-Grounds to work together, UVA leaders determined that THRIV could serve as the model for building a statewide research infrastructure. iTHRIV was launched in 2018 to fulfill that vision. This cross state vision was the basis of the CTSA application to the NIH. Current iTHRIV participants are UVA, Inova Health System, Virginia Tech, and Carilion Clinic. UVA Licensing and Ventures Group serves as the expert affiliate in commercialization, and the Charlottesville non-profit Center for Open Science group offers expertise in scientific transparency, reproducibility, and rigor.

In February 2019, the NIH awarded iTHRIV a five-year \$23 million CTSA grant to advance innovative ideas from the point of discovery to implementation in clinical practice and population health. Dr. Johnston, in the School of Medicine, is the Principal Investigator and Dr. Donald Brown, in the School of Engineering and Applied Science and the Data Science Institute, is the Co-Principal Investigator on the grant.

This presentation will introduce the resources and opportunities within the CTSA program led by UVA.

DISCUSSION:

One of the priorities of the NIH is to support clinical and translational science. The NIH's National Center for Advancing Translational Science (NCATS) is focused on improving health through smarter science. The national CTSA network includes approximately 60 institutions around the country that are recognized as elite clinical and

translational research institutions. UVA is now part of this network of elite research institutions. (Read more about the NIH CTSA Program: <https://ncats.nih.gov/ctsa/about>).

Translational research is the process of transforming scientific discoveries found in the laboratory, or through clinical and population studies, into interventions / treatments that will reduce morbidity and mortality from disease as well as provide prevention programs to improve the health of the general population (See Figure 1). This spectrum is not linear or unidirectional; each stage builds upon and informs the others. At all stages, patient/community involvement plays a critical feature to ensure success.

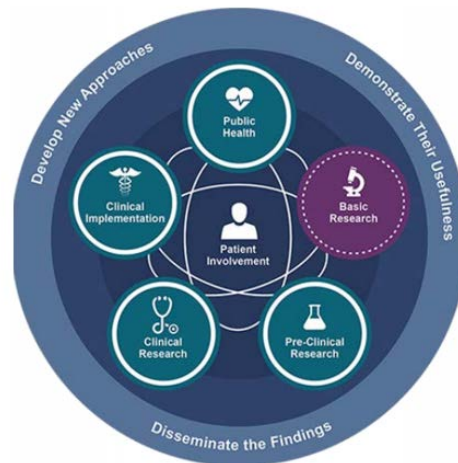
The iTHRIV CTSA will leverage the national network of elite translational science research programs to support researchers across the Commonwealth to uncover healthcare solutions which may be hidden in underutilized data. The focus of iTHRIV is to strengthen the technical and human support systems, bringing novel healthcare solutions to benefit rural and urban patients within Virginia and beyond.

The overall goals for iTHRIV are consistent with the program objectives for the national CTSA program:

- **Workforce Development:** train and cultivate the clinical translational science workforce;
- **Collaboration:** Facilitate a collaborative research community, engaging patients in every phase of the research process;
- **Integration:** Promote the integration of special and underserved populations in research across the human lifespan;
- **Methods & Processes:** Innovate processes to increase the quality and efficiency of translational research; and
- **Informatics:** Advance the use of cutting edge informatics and data science techniques.

Read more about iTHRIV: <http://ithriv.org/>

Figure 1: Translational Science



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

BOARD MEETING: June 6, 2019

COMMITTEE: Health System Board

AGENDA ITEM: IV. Transitional Care Hospital Operations Report

ACTION REQUIRED: None

BACKGROUND: Tracy Turman, M.H.A., FACHE is the Administrator of the Transitional Care Hospital, a long-term acute care hospital (LTACH). He joined the organization on January 29, 2018 and oversees all operations of this long-term acute care facility.

DISCUSSION: This periodic report summarizes the operations of the Transitional Care Hospital (TCH). It reflects the performance and efforts related to the four key areas: healing, serving, engaging, and building.

OPERATIONS REPORT

HEALING

Tightening admissions criteria from Medicare and a focus away from outside hospital referrals during the third quarter of the fiscal year led to a 21% year-to-date drop in admissions to TCH. However, TCH has been able to help create capacity and reduce length of stay at the Medical Center by accepting hard-to-place patients. With over 10% of Fiscal Year 2019 patient days being charity care, TCH has created an outlet for indigent care patients from the Medical Center and accepted expensive and medically complex patients who are not able to be cared for in lower level care settings, such as nursing facilities. As a means to boost volumes, the TCH will once again appeal to outside hospitals for referrals. This focus began in the Fourth Quarter Fiscal Year 2019. While staffing was reduced during the slower periods, increased referrals in April 2019 indicate a need for expanding capacity. Thus, recruitment was ramped up and recruitment efforts have increased.

While fewer patients have been cared for this fiscal year, outcomes continue to compare favorably with peers. When compared to other long-term acute care hospitals nationally, TCH has had fewer percentage of mortalities, fewer percentage of developed or worsening pressure sores, better ventilator-weaning rates, and overall fewer hospital-acquired infection rates.

SERVING

Patient Satisfaction Scores continue to reflect a high level of satisfaction with the care provided at TCH. The overall assessment rating for TCH was 89% through March. In addition, TCH changed its survey to better compare with similar hospitals, which will allow for comparatives and rankings. Since this change took effect at the beginning of the Fourth Quarter Fiscal Year 2019, the information will not be available until the First Quarter Fiscal Year 2020.

Food service improvements are ongoing. TCH is working closely with its vendor and facilities to explore different ways to improve this service. As the specific dietary equipment used at TCH is approaching the end of its useful life, TCH has a deadline for making a decision. As a result, Facilities is working with special projects on a plan to plate food at TCH as opposed to the current practice of plating the food at the Medical Center, shipping it to TCH, and then reheating it before serving. This has been the practice since opening and results in inconsistent quality. To plate food at TCH, redesign of existing nutrition space will be required. Budgets and timelines for this work are being developed.

ENGAGING

The 2019 UVA Health System Engagement Survey took place in April and May, 2019. Action planning around these results will begin once results are received. The TCH Experience Committee has been engaged to assist TCH leadership with addressing the opportunities identified in the survey. This committee consists of TCH front line staff from each department. This will allow front line staff to have a voice in the planning process and will provide valuable insight to leadership regarding the needs of its staff.

To increase its capacity, TCH has begun recruiting licensed practical nurses to supplement the care team with additional clinical human resources. The first ones were hired in the Fourth Quarter Fiscal Year 2019; recruitment is ongoing.

More team building events were held in the past quarter. They included several pot luck meals, a bake sale, a Valentine's Day event, and a quarterly town hall designed to keep employees informed of TCH performance metrics, operational issues, and other topics.

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.

Through the first three quarters of Fiscal Year 2019, 78% of admissions came from the UVA Medical Center; the rest came from outside hospitals. Breakdown by medical

categories include 35% vent weaning and respiratory complex, 33% 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 1.03 for all patients year-to-date mainly due to the lower ventilator patient census. The average length of stay through the Third Quarter of Fiscal Year 2019 was 29.7 for all payers and 26.6 for Medicare patients.

RECENT DESIGNATIONS, INSPECTIONS AND CERTIFICATIONS

An unannounced Virginia Department of Health inspection occurred in February as a result of a patient complaint. While only a part of the complaint was founded, the survey identified four areas of opportunity for improvement: gastric tube care, restraint practice and documentation, quality program changes, and weight tracking for patients with daily weights. None of these areas required a plan of correction as they are considered standard level deficiencies by the Centers for Medicare and Medicaid Services.