

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

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

September 12, 2024

HEALTH SYSTEM BOARD

Thursday, September 12, 2024

8:30 a.m. – 12:00 p.m.

Pavilion 1 & 2, Boar's Head Resort

Committee Members:

Paul B. Manning, Chair
Robert M. Blue
Robert D. Hardie
Stephen P. Long, M.D.

David O. Okonkwo, M.D.
The Honorable L.F. Payne
Douglas D. Wetmore

Public Members:

Kenneth B. Botsford, M.D.
William G. Crutchfield Jr.
Steven Danziger

Victoria D. Harker, Vice Chair
Thomas A. Scully

Ex Officio Members:

James E. Ryan
Marianne Baernholdt
Ian B. Baucom
Jennifer Wagner Davis

Wendy M. Horton, Pharm.D.
K. Craig Kent, M.D.
Melina R. Kibbe, M.D.
Margaret C. Tracci, M.D.

AGENDA

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V. CLOSED SESSION	
• Discussion of proprietary, business-related information about the operations of the Medical Center, the School of Medicine, and the School of Nursing,	

where disclosure at this time would adversely affect the competitive position of the Medical Center, the School of Medicine, or the School of Nursing, specifically:

- Strategic 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 FY 2025, all of which further the strategic initiatives of the Medical Center, the School of Medicine, and the School of Nursing 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;
- 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 Sections 2.2-3711(A)(1), (6), (8), and (22) of the Code of Virginia. The meeting of the Health System Board is further privileged under Section 8.01-581.17 of the Code of Virginia.

VI. HEALTH SYSTEM FINANCE REPORTS FROM THE FINANCE WORKING GROUP AND DISCUSSION

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

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

ACTION REQUIRED: None

BACKGROUND: The Committee Chair, Mr. Manning, will welcome guests and provide opening remarks.

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: I.B. Opening Remarks from the Executive Vice President for Health Affairs

ACTION REQUIRED: None

BACKGROUND: On February 1, 2020, Dr. Kent became the Executive Vice President for Health Affairs. 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 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 a member of the National Academy of Medicine.

DISCUSSION: The Executive Vice President for Health Affairs will provide opening remarks.

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: I.C. Advances in Cancer Therapies at UVA Health

ACTION REQUIRED: None

BACKGROUND: Leigh A. Cantrell, M.D., MSPH, is the Oncology Physician Service Line Lead. Dr. Cantrell is a Gynecologic Oncology surgeon who joined UVA Health in 2010. Prior to becoming Service Line Lead earlier this year, Dr. Cantrell served in several leadership positions including Medical Director of the Cancer Center’s ambulatory program, Interim Chair, in the Department of Obstetrics and Gynecology (and currently Executive Vice Chair of the department), and Residency Program Director in the Department of Obstetrics and Gynecology.

Blake Herring, MSN, RN, OCN, NE-BC, is Administrator of the Clinical Cancer Center. Prior to joining UVA Health in 2022, Mr. Herring served in several leadership positions, including serving Administrative Director of Cancer Services at Stanford Health Care, Director of Clinical Operations for Stanford’s South Bay Cancer Center, and Director of Patient Care and Treatment at Moores Cancer Center, which is part of UC San Diego Health.

Richard D. Hall, M.D., MS joined the UVA School of Medicine faculty and UVA Comprehensive Cancer Center in 2014. He specializes in the treatment of thoracic malignancies, including non-small-cell lung cancer, thymic malignancies and mesothelioma. As a clinical investigator, he has served as the PI for numerous clinical trials. Dr. Hall serves as the UVA hematology/oncology fellowship program director.

Judy Kauffman DNP, MSN, RN, CNN is the Director for Cellular Therapy and Stem Cell Transplant Program. Dr. Kaufmann joined UVA Health in 1997 as a Nurse Manager and has held a series of progressive leadership roles.

DISCUSSION: Leadership from the Cancer Center will present recent advances in oncology therapies at UVA Health.

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: II.A. Medical Center Report (Written Report)

ACTION REQUIRED: None

BACKGROUND: Wendy Horton became Medical Center CEO in November 2020. She came from The Ohio State University Wexner Medical Center, where she served as Chief Administrative Officer. Prior to Ohio State, Ms. Horton served in several different leadership roles at University of Wisconsin Health, including Vice President of Operations.

DISCUSSION:

People

- Service award celebrations were hosted to honor our team members' years of service with UVA Health. Over 650 employees celebrated milestone anniversaries of 10, 15, 25, 30 years, and beyond—including two incredible team members who marked 50 years of service.
- An employee primary care clinic, developed in partnership with UVA Health, Human Resources, and Aetna, has been soft-launched to provide care for UVA employees. The clinic is located on Grounds, and also offers convenient online scheduling.
- An employee gym is currently under development and is scheduled to open in October on the first floor of the Battle Building. The concept for this gym originated from the Spark Competition and is being planned by front-line team members.
- The University Medical Center has successfully maintained turnover rates below national averages. As of July 2024, the overall voluntary turnover rate was 12.8%, compared to the national average of 20.7% and 22.2% in the South-East region. Specifically, the nursing turnover rate has returned to pre-pandemic levels at 11.2%, significantly lower than the national average of 18.4% and the regional rate of 19%.
- The number of external travelers has continued to decrease. The Full-Time Equivalent (FTE) of external travelers dropped from 876 in February 2023 to successfully achieve the goal of 350 in June 2024.
- UVA Health's Earn While You Learn program continues to play a key role in addressing critical staffing shortages and providing valuable career pathways and opportunities for the community. Since its inception in June 2022, the program has successfully graduated over 400 new team members. This fall, a nursing ADN program and a scrub tech program will be introduced.
- The UVA Health Leadership Institute will launch its third cohort in October 2024, based on comprehensive feedback gathered during the UVA Health strategic planning process. This initiative aims to enhance UVA Health's reputation as a top workplace by

developing leaders from within the organization. With over 250 applications received, both fall and spring cohorts have been established, each consisting of 33 participants. The primary goal of this program is to create pathways for more internal team members to advance into leadership roles within UVA Health.

- In July 2024, UVA Health announced the winners of the second annual Spark Innovation Competition. Born from our broader culture transformation, the Spark Competition is one of many initiatives aimed at enhancing the daily lives of our team members. The competition fosters positive change by promoting a culture of active listening and innovative thinking that is reshaping UVA Health. Once again, our team stepped up, with 319 idea submissions from over 80 different areas across the health system.

Clinical and Operational

- UVA Health launched system-wide online scheduling for adult and pediatric primary care providers on August 27. This new feature is available via MyChart for existing patients and through the UVA Health website for new patients, enhancing convenience and streamlining appointment scheduling. The launch includes Family Medicine, Internal Medicine, General Pediatrics, and Geriatrics. Patients can still book appointments by phone or request them through MyChart or uvahealth.com. This advancement was made possible through the foundational work of our One Team United on Access project.
- UVA University Medical Center has launched Phase 1 of the Transparency Star Ratings and Comments Program. Starting in mid-September, providers will have their Press Ganey patient experience survey data displayed on uvahealth.com, with updates pushed to select third-party sites beginning in October. These public reviews will help patients make informed decisions and assist providers in managing their online reputations.
- UVA Health and The Haven have partnered to enhance opioid-use disorder care for the unhoused community. Supported by a grant from the state Opioid Abatement Authority, the SmART (Street Medicine, Access, Reduction, and Treatment) program has been launched at The Haven, a multi-resource day shelter and housing resource center in Charlottesville. Patients will receive care from a UVA Health physician, nurse, and social worker during these visits.
- UVA Health opened its Comprehensive Parkinson's Disease Clinic in July 2024. The clinic features a multidisciplinary team offering a full range of treatment options, including a groundbreaking Parkinson's treatment pioneered at UVA. The team comprises neurologists, neurosurgeons, nurse care coordinators, speech therapists, physical therapists, occupational therapists, psychologists, social workers, and nutritionists—all collaborating to help patients achieve the best possible outcomes.
- UVA Health opened its Outpatient Laser Eye Surgery Clinic in June 2024. The clinic provides laser vision-correction procedures, including LASIK and photorefractive keratectomy (PRK). Both procedures use lasers to gently reshape the cornea, addressing nearsightedness, farsightedness, and astigmatism.
- UVA Health has opened a new asthma, allergy, and immunology clinic in Lynchburg. The clinic began seeing patients in August and is staffed by board-certified allergists and immunologists, offering convenient care for the Lynchburg community.

Regulatory, Quality and Safety

- UVA Health University Medical Center, including its provider-based clinics, underwent a full onsite Joint Commission (TJC) triennial survey. Conducted every three years, this patient-centered and quality-focused survey is a learning opportunity for the hospital to ensure regulatory compliance and adopt best practices for delivering safe, high-quality care.
- University Medical Center's Medical Transportation Network (MTN) has successfully obtained reaccreditation from the Commission on Accreditation of Medical Transport Systems (CAMTS).
- UVA Health Breast Care Center has met inspection requirements for the Mammography Quality Standards Act (MQSA) by the U.S. Food and Drug Administration.
- UVA Medical Center has been successfully recertified in the Joint Commission (TJC) Disease-Specific Cardiovascular - Heart Failure program.
- Newsweek has named UVA Health spine surgeons Francis Shen, M.D., and Adam Shimer, M.D., among America's Best Spine Surgeons for 2024. The list of the top 150 spine surgeons is based on evaluations of procedures using Medicare data, an online survey of over 30,000 medical experts, peer ratings of quality of care, and reviews of American Board of Orthopaedic Surgery certifications.
- UVA Health has earned the 2024 High-Value Pharmacy Award from Premier Inc. for exceptional leadership and value in pharmacy care. Premier's award recognizes superior performance from over 4,350 hospitals and health systems, as well as approximately 300,000 other providers and organizations. UVA Health's pharmacy services team, consisting of over 500 members, serves patients across 23 locations in Central and Northern Virginia, including all four UVA Health Medical Centers.
- Patient experience continues to improve, with the inpatient experience score reaching 76.2 for the fiscal year-to-date, surpassing the goal by 0.9 points compared to last year. Inpatient leaders are enhancing patient experience by integrating Patient Safety Risk Rounds into their routines, holding weekly discussions focused on safety and care improvement. Outpatient clinic experience has also improved, with a 0.2 point increase compared to last year.

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: II.B. Signatory Authority for Medical Center Contracts

BACKGROUND: The Board of Visitors is required to approve the execution of any procurement contract where the contract value is expected to exceed \$5M per year.

DISCUSSION: In accordance with Medical Center procurement policy, the contracts listed below exceed \$5M in spend per year and are outside the signatory authority of the Executive Vice President for Health Affairs, who has been delegated authority from the Executive Vice President and Chief Operating Officer to approve certain Medical Center documents.

- Johnson & Johnson Health Care Systems Inc. for DePuy Synthes Trauma products
- Medtronic USA, Inc. for (2) Stealthstation S8 navigational systems
- Compass Group USA, Inc. for environmental services and food and nutrition 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, the Finance Committee, and by the Board of Visitors

**SIGNATORY AUTHORITY FOR CERTAIN MEDICAL CENTER CONTRACTS
EXCEEDING \$5 MILLION PER YEAR**

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to execute the contracts on behalf of the Medical Center with Johnson & Johnson Health Care Systems Inc. for DePuy Synthes Trauma products, Medtronic USA, Inc. for (2) Stealthstation S8 navigational systems, and Compass Group USA, Inc. for environmental services and food and nutrition services. USA, Inc. for environmental services and food & nutrition services.

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

<u>BOARD MEETING:</u>	September 12, 2024
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	III. School of Medicine Report (Written Report)
<u>ACTION REQUIRED:</u>	None

BACKGROUND: Melina R. Kibbe, M.D., became Dean of the School of Medicine on September 15, 2021. A member of the National Academy of Medicine, Dr. Kibbe is the editor of the *Journal of the American Medical Association (JAMA) Surgery*, a respected clinician, funded investigator, and highly recognized educator. Before coming to UVA, she was Chair of the Department of Surgery at the University of North Carolina.

DISCUSSION: Below are highlights of events and/or accomplishments in February, March and April 2024 in the School of Medicine.

People

- Rick Vavolizza, M.D., has been awarded the 2024 American College of Surgeons Resident Award for Exemplary Teaching. This prestigious accolade is a testament to his lifelong dedication to education and teaching. This national recognition is a significant achievement and reflects Dr. Vavolizza’s impact on his students and surgical education highlighting his ability to inspire, mentor, and educate the next generation of surgeons.
- Tsai-Yi Lu, PhD, has been selected to participate in the prestigious Butler-Williams Scholars Program sponsored by the National Institute on Aging (NIA). The program provides a unique opportunity for early-career scientists to expand their knowledge and network in the field of aging research.
- The Board of Directors of the American Academy of Family Physicians (AAFP) has chosen Fern Hauck, M.D., as the recipient of the 2024 AAFP Public Health Award. Established to honor individuals making remarkable contributions to the health of the American public, Dr. Hauck, earns a place alongside 29 previous award recipients. Her dedication and efforts at providing accessible and approachable care to patients reflect the best qualities of family medicine.

Departments

- The State Council on Higher Education in Virginia recently approved the transition of the Center for Public Health Genomics (CPHG) to departmental status, as the Department of Genome Sciences. This department is the ninth research department in

the UVA School of Medicine (SOM). The creation of the Department of Genome Sciences signals the SOM's commitment toward advancing genetics and genomics research and will enhance the SOM's ability to recruit and retain talented faculty. Charles R. Farber, PhD, director of the CPHG since January 1, 2022, will lead the new department as its inaugural chair.

- The Department of Molecular Physiology and Biological Physics at the UVA School of Medicine hosted its first postdoc symposium on July 19, 2024. The event brought together postdoctoral fellows, graduate students, faculty and leading experts to share groundbreaking research and foster collaboration. The symposium featured a series of presentations and discussions, showcasing the cutting-edge work being conducted by the SOM postdoctoral community and provided a platform for fellows to present their research, exchange ideas and receive feedback from peers and faculty.

Research

- William A. Petri M.D., PhD, has been awarded a five-year, \$2.4M renewal of a NIH grant that examines cryptosporidiosis, a water-borne parasitic disease that causes diarrhea in children in Bangladesh. The grant continues a 25-year-old collaboration between Dr. Petri and Bangladesh.
- Jianjie Ma, PhD, was awarded a \$3.4M NIH grant for a project focused on corneal regeneration and vascularization to enhance outcomes of corneal transplants. This project aims to develop a novel protein therapeutic with multi-cellular functions in tissue-repair and regeneration, to enhance the outcome of high-risk corneal transplantations.
- John Lukens, PhD, an innovative Alzheimer's researcher whose work is opening new frontiers in neurological diseases research will serve as the inaugural Director of the Harrison Family Translational Research Center in Alzheimer's and Neurodegenerative Diseases. Mr. Lukens has been part of the Department of Neuroscience since 2014. He has conducted groundbreaking research charting the crucial role of the immune system in brain injury and neurodegenerative disorders and has received millions in financial support from the NIH, the Owens Family Foundation, the Cure Alzheimer's Fund, the Alzheimer's Association and the Department of Defense.

Clinical

- Amanda Silva, M.D., associate professor of plastic and reconstructive surgery, performed the first lymphatic-venous bypass at the UVA Health Medical Center in July. This groundbreaking surgery, which most frequently treats breast-cancer involves extremely high levels of magnification and laser imaging capabilities. The outcome is a reduction in swelling, pain, and the risk of infection associated with lymphedema. Dr. Silva's is focused on helping build a comprehensive lymphedema program at UVA Health.
- Francis Shen, M.D., and Adam Shimer, M.D., made Newsweek's 2024 list of the 150 leading spine surgeons in the U.S. The ranking assesses surgeons' procedures using Medicare data, conducts an online survey among over 30,000 medical experts, rates quality of care through peer evaluations of each spine surgeon, and considers their certifications from the American Board of Orthopaedic Surgery.

Education

- The Graduate Medical Education (GME) training programs earned Continued Accreditation status with zero citations and zero areas for improvement from the Accreditation Council for Graduate Medical Education (ACGME). The Medical Center and SOM work together to provide the patient population, dedicated faculty, excellent clinical and basic science departments, and nationally recognized research programs required to create an environment optimal for learning and career development.
- The Center for Excellence in Education (CEE) awarded four faculty research awards for the 2024-2025 academic year through the annual Educational Research and Scholarly Innovation Awards. These one-year awards support faculty efforts to conduct rigorous educational research or develop projects that involve new educational approaches or novel applications of established approaches. Educational scholarship is a significant component of the education mission of the UVA School of Medicine.

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

<u>BOARD MEETING:</u>	September 12, 2024
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	IV. School of Nursing Report (Written Report)
<u>ACTION REQUIRED:</u>	None

BACKGROUND: Marianne Baernholdt, PhD, MPH, RN, FAAN—the Pew Charitable Trusts Dean of the School of Nursing and dean of professional nursing at UVA Medical Center— a leading scholar of care quality and safety with an emphasis on healthcare in rural and global environments, has dedicated the expanse of her award-winning career to teaching and mentoring students and junior faculty.

A former U.S. representative for the International Council of Nurses’ steering group for rural and remote nursing, Dean Baernholdt was a founding director of UNC Chapel Hill’s Pan American Health Organization/W.H.O. Collaborating Center in Quality and Safety Education in Nursing and Midwifery and founder and director of VCU School of Nursing’s Langston Center for Quality, Safety, and Innovation. During her first tenure at UVA School of Nursing (2005-2014), she directed the Rural and Global Healthcare Center and led its Global Initiatives. She was named to Virginia Business magazine’s “Top 100 People to Meet in 2023” list.

DISCUSSION:

Academics and Strategic Planning

- The school’s 2030 strategic plan—Our Extraordinary Future: Inspiring Excellence, Advancing Health—was finalized and an implementation plan was developed over the summer. It was unveiled to faculty and staff on August 26.
- The school’s psychiatric mental health nurse practitioner post-master’s certificate program was ranked the nation’s top year-long online program by *Nurse.org*.
- The school welcomed Professor Louise Fleming as its inaugural Associate Dean for Academic Operations in June. She comes from the University of North Carolina Chapel Hill and is charged with leading a range of central school functions including admissions and student services, simulation and interprofessional education, compliance and accreditation, degree program administration, and continuing education.

- Professor Paula Sherwood joined as a tenured full professor in June. She comes from the University of Pittsburgh where she established a strong record of external funding and an expertise in neurology-oncology care.
- Associate Professor Kelley Anderson joined as a tenure track faculty member in June. She comes from Georgetown University and studies cardiovascular health, heart failure, and assistive technology for patients with heart failure.
- Alanna Bergman joined in June as a post-doctoral research fellow in the school's program that leads to appointment as a tenure track assistant professor following successful completion of the fellowship. She completed her PhD at Johns Hopkins University School of Nursing where she studied the impact of stigma on care engagement and quality of life.

Research and Faculty Recognition

- Professor Jeanne Alhusen was one of 30 world-renowned nurse researchers to be inducted into the International Nurse Researcher Hall of Fame in July, in recognition of her research focused on improving pregnancy outcomes for women with disabilities.
- Professor Shelly Smith was appointed in July by Governor Glenn Younkin to the 14-member Virginia Board of Nursing, a key group that oversees the regulation of nurses, prescriptive authority for nurse practitioners, and in-state education programs for nurses, nurses' aides, and medication aides.
- Professor Randy Jones was inducted into the National Black Nurse Association's inaugural Academy of Diversity Leaders in Nursing in July for his demonstrated expertise in nursing education, research, practice, policy, and administration as it relates to issues of justice, equity, diversity, and inclusion.
- Associate Professor Cathy Campbell will be inducted as a Fellow of the American Academy of Nursing at the organization's Health Policy Conference in Washington, D.C., in October. The distinction, among the highest professional honors a nurse may earn, is awarded annually to select individuals by the Academy.
- Associate Professor Kelley Anderson received a \$445,000 grant from the National Institute of Nursing Research to examine the impact of social determinants of health on post-hospitalization outcomes in patients with advanced heart failure.
- Associate Professor Emma Mitchell received an \$850,000 R33 component of an R21/R33 phased award to test the impact of mobile health intervention to improve cervical screening follow-up and treatment, targeting women living in rural Nicaragua.

Student Honors

- Clinical Nurse Leaders student Jacob Swisher earned first place for his new invention, EZ-EAP—and app to guide athletic trainers' on-the-field emergency response workflows and care—and a \$20,000 first prize in the UVA Entrepreneurship Cup.

- Doctor of Nursing Practice student Josh Moore, a two-time alumnus and pediatric nurse practitioner, attended the recent AACN Graduate Nursing Student Association Conference in Washington, D.C., and took home a top prize for his poster on using virtual reality for stress reduction in healthcare workers.
- Seven undergraduate nursing students were awarded more than \$35,000 in support through summer nursing research internships. These competitive awards created opportunities for the interns to be individually mentored by research faculty in all aspects of research, from literature reviews to publishing and presenting. As a pilot, the program will continue throughout the academic year, starting in Fall 2024

Philanthropy and Alumni Affairs

- Gifts and commitments for the School of Nursing totaled \$8,164,438 for fiscal year 2024. As part of this total, unrestricted giving to the school totaled \$603,448, a 96% increase over the previous year.
- The school is significantly ahead of its goal in the Honor the Future Campaign. At the end of fiscal year 2024, gifts and commitments totaled \$89.1M representing 119% of the school's total fundraising goal with an additional year of fundraising still to go.
- During the 2023-2024 academic year, the School of Nursing awarded \$4.742M in philanthropic scholarships. These scholarships supported 529 recipients, about 66% of the total student body.

Events

- Faculty and Students in the School of Nursing participated in the Healthy Streets Health People health fair in Charlottesville's Washington Square Park on July 9. This event seeks to address street safety issues by providing mental health resources, youth programs, substance abuse supports, and other resources to community members.
- A film screening and discussion of "Everybody's Work" will focus on conversations about racism and bias in healthcare and strategies for transforming our healthcare systems. The event will take place on August 22.
- The UVA School of Nursing will offer a Clinical Instructor Workshop for practicing nurses who have earned at least a BSN and are interested in teaching the next generation of pre-licensure nursing students. This event will take place from August 20-22.

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

BOARD MEETING: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: VII.A. Health System Consolidated Financials

ACTION REQUIRED: None

BACKGROUND: UVA Health 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 Health System Board.

FINANCE REPORT

Overall, despite continued workforce and other industry challenges, UVA Health’s operating income is favorable to budget for the 12 months ended June 30, 2024.

	Operating Income			Operating Margin		
	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>
Medical Center	87	40	96	3.1%	1.6%	3.8%
Community Health	21	15	4	3.4%	2.6%	0.8%
UPG	(3)	(7)	7	-0.6%	-1.2%	1.2%
SOM	(6)	(17)	(5)	-1.0%	-2.7%	-0.8%
SON	1	0	(0)	2.2%	0.0%	-0.3%
Health Sciences Library	0	0	0	7.6%	0.5%	3.4%
Support/Transfers/Elims	(54)	(51)	(55)			
UVA Health	45	(20)	47	1.0%	-0.5%	1.2%
One-Time HS Activity	62	8	(18)			
UVA Health including 1-Time	107	(12)	29	2.4%	-0.3%	0.7%

UVA Medical Center (MC)

Through the 12 months of FY24, operating income before one-time items was \$87M, which was favorable to budget and resulted in a 3.1% operating margin. Net revenue results were driven by strong volumes, as well as sustained rate increases. The all-payer case mix and length of stay were 2.32 and 7.1 days, respectively. The operating margin includes imaging,

dialysis, home health and outpatient pharmacy services. Progress has been steady in reducing the use of external nurse travelers and other contract labor, but staffing and compensation pressure remains very high. The cost of premium pay, overtime, and bonuses needed to fill open shifts with employed nurses is up, driving labor \$52M unfavorable to budget (5%). Total expenses adjusted for volume and acuity were 3% unfavorable to budget, driven by inflation and labor challenges. In total the MC generated \$284M in operating cash (EBITDA) after transfers.

Total paid employees, including contracted employees, were 634 over budget. Contract labor is composed of 905 FTEs, of which 473 are nurse travelers.

UVA Community Health (CH)

Through the 12 months of FY24, CH operating income before one-time items was \$21M, which was favorable to budget and resulted in a 3.4% operating margin. This result was despite financial challenges due to unbudgeted depreciation expense (due to integration/transition expense and deferred maintenance), temporary loss of the Culpeper 340B program, and startup expenses for new physicians. Volumes were strong with inpatient, outpatient, surgery, and ED volumes all ahead of budget and prior year. In total CH generated \$68M in operating cash (EBITDA).

UVA Physicians Group (UPG)

Through the 12 months of FY24, UPG showed an operating deficit of \$3M (after \$45M in transfers to support the academic mission), which was \$4M favorable to budget. Patient volumes (wRVUs) were 3% higher than plan and 3% higher than prior year. Total revenues were \$15M or 2% higher than budget. Expenses were \$12M unfavorable to budget due to higher than budget labor costs and academic support. The UPG YTD operating margin was a surplus of \$42M (before contributing \$45M to the academic mission). UPG operating margin after investment in the academic mission was a deficit of \$3M.

UVA School of Medicine (SOM)

Through the fourth quarter of FY24, the SOM generated a \$6M deficit yielding a \$11M favorable variance to budget. Favorable gift, research, and Health System revenues are contributing to this result. In addition, favorable strategic spending related to the transfer of Biotechnology Institute expenses off School of Medicine books is offset by increased spending on personnel as well as an unbudgeted one-time non-personnel expense resulting from a change in the timing of a large annual payment to the University's Office of the Vice President for Research and a one-time personnel expense driven by an enhanced incentive accrual methodology.

UVA School of Nursing (SON)

The SON generated \$1M operating income through FY24 Q4 year-to-date operations, which is better than the budget. The SON had a year-to-date favorable revenue variance, due to a combination of gifts, University funding from the Provost office for strategic initiatives, and higher than expected enrollment. This was offset by the unfavorable variance on personnel driven by opportunistic faculty hiring, 9-to-12-month conversions, expansion of staff positions, and market bases salary increases (mostly for faculty). In addition, wage salaries were high due to the need for single-course and clinical faculty to accommodate increased pre-licensure cohorts and faculty leaves.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-22	Jun-23	Jun-24	Jun-24
Net patient revenue	\$2,610.6	\$2,949.2	\$3,356.9	\$2,984.6
Other revenue	<u>107.9</u>	<u>86.1</u>	<u>118.9</u>	<u>144.6</u>
Total operating revenue	<u>\$2,718.5</u>	<u>\$3,035.4</u>	<u>\$3,475.8</u>	<u>\$3,129.2</u>
Operating expenses	2,401.4	2,718.5	3,069.7	2,860.7
Depreciation	167.6	191.3	193.3	182.7
Interest expense	<u>41.3</u>	<u>43.5</u>	<u>42.8</u>	<u>35.9</u>
Total operating expenses	<u>\$2,610.3</u>	<u>\$2,953.3</u>	<u>\$3,305.8</u>	<u>\$3,079.2</u>
Operating income (loss)	<u>\$108.2</u>	<u>\$82.1</u>	<u>\$170.0</u>	<u>\$50.0</u>
Non-operating income (loss)	<u>(130.5)</u>	<u>(1.8)</u>	<u>47.9</u>	<u>(47.7)</u>
Net income (loss)	<u>(\$22.3)</u>	<u>\$80.3</u>	<u>\$217.9</u>	<u>\$2.3</u>
Principal payment	\$21.7	\$37.6	\$39.4	\$39.4






University of Virginia Medical Center

Balance Sheet

(Dollars in Millions)

Description	Most Recent Three Fiscal Years		
	Jun-22	Jun-23	Jun-24
Assets			
Operating cash and investments	346.9	276.8	205.0
Patient accounts receivables	352.8	382.5	477.6
Property, plant and equipment	1,622.2	1,639.5	1,625.2
Depreciation reserve and other investments	416.0	423.4	460.5
Endowment Funds	874.7	870.7	913.4
Other assets	438.5	652.3	673.3
Total Assets	<u>\$4,051.1</u>	<u>\$4,245.2</u>	<u>\$4,354.9</u>
Liabilities			
Current portion long-term debt	42.9	41.8	46.2
Accounts payable & other liab	302.5	455.0	427.1
Long-term debt	868.0	839.1	794.6
Accrued leave and other LT liab	<u>568.7</u>	<u>562.0</u>	<u>509.2</u>
Total Liabilities	<u>\$1,782.2</u>	<u>\$1,898.0</u>	<u>\$1,777.2</u>
Fund Balance	<u>\$2,269.0</u>	<u>\$2,347.2</u>	<u>\$2,577.7</u>
Total Liabilities & Fund Balance	<u>\$4,051.1</u>	<u>\$4,245.2</u>	<u>\$4,354.9</u>

University of Virginia Medical Center
Financial Ratios

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-22	Jun-23	Jun-24	Jun-24
Operating margin (%)	4.0%	2.7%	4.9%	1.6%
Current ratio (x)	2.0	1.3	1.4	2.0 
Days cash on hand (days)	214	182	158	190 
Gross accounts receivable (days)	52.1	53.0	57.8	50.0 
Annual debt service coverage (x)	3.0	3.9	5.5	3.6 
Debt-to-capitalization (%)	30.0%	28.5%	25.7%	34.0% 
Capital expense (%)	8.0%	7.9%	7.1%	7.1%

University of Virginia Medical Center
Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-22	Jun-23	Jun-24	Jun-24
Acute Discharges	25,688	26,421	29,091	26,500
Patient days	196,785	195,047	207,883	189,750
Observation Billed Encounters	6,284	7,499	6,190	6,625
All Payor CMI Adj Avg Length of Stay	3.20	3.18	3.06	3.06
OP Billed Encounters	907,408	941,721	957,376	927,110
ER Billed Encounters	41,975	49,087	52,964	45,000
All Payor CMI	2.36	2.37	2.32	2.34
FTE's (including contract labor)	8,891	9,221	10,237	9,603

Operating Statistics exclude UVA Community Health

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
 Fiscal Year to Date June 30, 2024 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	29,091	26,500	9.8%	26,421	Inpatient Days - MC	207,883	189,750	9.6%	195,047
Community Health	14,348	14,193	1.1%	13,795	Inpatient Days - CH	56,888	54,680	4.0%	52,931
Total Discharges	43,439	40,693	6.7%	40,216	All Payor CMI Adjusted ALOS - MC	3.06	3.06	(0.0%)	3.18
Adjusted Discharges - MC	69,484	65,342	6.3%	65,586	All Payor CMI Adjusted ALOS - CH	2.77	2.66	(4.3%)	2.67
Adjusted Discharges - CH	44,195	44,111	0.2%	43,298	Average Daily Census - MC	568	518	9.6%	534
Total Adjusted Discharges	113,679	109,453	3.9%	108,884	Average Daily Census - CH	155	149	4.0%	145
CASE MIX INDEX					BIRTHS				
All Payor CMI - MC	2.32	2.34	(0.7%)	2.37	Births - MC	2,355	2,452	(4.0%)	2,312
All Payor CMI - CH	1.43	1.45	(1.4%)	1.44	Births - CH	2,464	2,433	1.3%	2,487
OUTPATIENT BILLED ENCOUNTERS					SURGICAL CASES				
Medical Center	957,376	927,110	3.3%	941,721	UVA Main Hospital Operating Room	20,628	20,755	(0.6%)	19,852
Community Health	292,797	258,811	13.1%	265,787	Battle	12,124	11,709	3.5%	11,681
Emergency Room - MC	52,964	45,000	17.7%	49,087	Monticello Surgery Center	7,749	7,500	3.3%	8,272
Emergency Room - CH	115,311	114,200	1.0%	111,944	Orthopedic Center	1,552	960	61.7%	903
					Community Health	8,903	8,603	3.5%	8,572
					Total	50,956	49,527	2.9%	49,280
OPERATING FINANCIAL MEASURES									
REVENUES and EXPENSES - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year		Actual	Budget	% Variance	Prior Year
(\$s in thousands)					(\$s in thousands)				
NET REVENUES					NET REVENUE BY PAYOR				
Net Patient Service Revenue	\$3,356,860	\$2,984,583	12.5%	\$2,949,209	Medicare	\$1,085,889	\$958,653	13.3%	\$835,253
Other Operating Revenue	118,908	144,614	(17.8%)	86,144	Medicaid	\$587,684	\$527,963	11.3%	\$717,050
Total	\$3,475,768	\$3,129,197	11.1%	\$3,035,353	Commercial Insurance	\$296,170	\$282,222	4.9%	\$307,318
					Anthem	\$659,512	\$578,096	14.1%	\$548,976
EXPENSES					Aetna				
Salaries, Wages & Contract Labor	\$1,505,271	\$1,453,901	(3.5%)	\$1,345,479	Other	\$476,888	\$412,947	15.5%	\$334,092
Supplies	966,564	798,740	(21.0%)	795,438	Total Paying Patient Revenue	\$3,356,860	\$2,984,583	12.5%	\$2,949,209
Contracts & Purchased Services	597,843	608,024	1.7%	577,622	OTHER				
Depreciation	193,274	182,658	(5.8%)	191,250	Collection % of Gross Billings	30.5%	29.1%	4.7%	30.0%
Interest Expense	42,799	35,865	(19.3%)	43,462	Days of Revenue in Receivables (Gross)	57.8	50.0	(15.6%)	53.0
Total	\$3,305,750	\$3,079,188	(7.4%)	\$2,953,251	CMI Adjusted Cost per Adjusted Discharge	\$18,694	\$18,462	(1.3%)	\$17,445
Operating Income	\$170,017	\$50,010	240.0%	\$82,102	Total FTEs (including Contract Labor)	12,618	11,961	(5.5%)	11,528
Operating Margin %	4.9%	1.6%		2.7%	FTEs Per CMI Adjusted Discharge	26.1	26.2	0.5%	24.9

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: September 12, 2024

COMMITTEE: Health System Board

AGENDA ITEM: VII. Credentialing and Recredentialing Actions

BACKGROUND: The Health System Board is the governing body of the University of Virginia Medical Center. The Health System Board is responsible for final approval of clinical privileges of providers that have been approved by the Credentials Committee and the Clinical Staff Executive Committee.

ACTION REQUIRED: Approval by the Health System Board

CREDENTIALING AND REREDENTIALING ACTIONS

RESOLVED, the credentialing and recredentialing items from the September 12, 2024 Health System Board meeting are approved.