

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

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

**June 4, 2020**

## HEALTH SYSTEM BOARD

Thursday, June 4, 2020

10:00 a.m. – 12:00 noon

Electronic Meeting

### Committee Members:

L.D. Britt, M.D., Chair

Babur B. Lateef, M.D., Vice Chair

Robert M. Blue

James B. Murray Jr.

C. Evans Poston Jr.

James V. Reyes

A. Bobby Chhabra, M.D., Faculty  
Consulting Member

### Public Members:

William G. Crutchfield Jr.

Eugene V. Fife

Victoria D. Harker

Tammy S. Murphy

John E. Niederhuber, M.D.

### Ex Officio Members:

James E. Ryan

Pamela F. Cipriano

Jennifer Wagner Davis

K. Craig Kent, M.D.

M. Elizabeth Magill

Scott A. Syverud, M.D.

David S. Wilkes, 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 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 recruitment and retention, financial, investment, facility needs, market considerations, growth initiatives, partnerships, and other resource considerations and efforts in light of market and regulatory changes for the Health System and expected impact for Fiscal Year 2020 and Fiscal Year 2021, including proprietary information related to COVID-19; 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, to improve patient care for the Medical Center and the Transitional Care Hospital;
  - Consultation with legal counsel regarding compliance with relevant federal and state legal requirements and legislative and accreditation standards, all of which will involve proprietary business information and evaluation of the performance of specific personnel.
  - The relevant exemptions to the Virginia Freedom of Information Act authorizing the discussion and consultation described above are provided for in Section 2.2-3711(A)(1), (6), (8) and (22) of the Code of Virginia. The meeting of the Health System Board is further privileged under Section 8.01-581.17 of the Code of Virginia.

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

**BOARD MEETING:** June 4, 2020

**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 4, 2020

**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 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 most recently dean of the College of Medicine at The Ohio State University. His background includes substantial experience in growing clinical, research, and educational programs as well as health system management. He is the current chair of the American Board of Surgery and a member of the National Academy of Medicine.

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

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

**BOARD MEETING:** June 4, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.C. COVID-19 Report

**ACTION REQUIRED:** None

**BACKGROUND:** Reid B. Adams, M.D., Chief Medical Officer of the Medical Center, will provide an update on UVA Health’s ongoing response to the COVID-19 pandemic.

**UNIVERSITY OF VIRGINIA**

**BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** June 4, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.D.1. Health System Finance Report: Consolidated Financials Fiscal Year 2020 Year-to-Date

**ACTION REQUIRED:** None

**BACKGROUND:** The Health System prepares a comprehensive financial package at least quarterly 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, Doug was the Associate Vice President for Financial Services and Controller for Wake Forest Baptist Medical Center. Doug 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 unfavorable to budget for the nine months ended March 31, 2020.

	Operating Income			Operating Margin		
	Actual	Budget	Pr Year	Actual	Budget	Pr Year
UVA Hospital, Clinics, Subs & Joint Ventures	40.0	77.0	94.7			
Shared Services	(22.5)	(25.3)	(31.4)			
<b>Consolidated Medical Center</b>	<b>17.5</b>	<b>51.6</b>	<b>63.3</b>	<b>1.3%</b>	<b>3.8%</b>	<b>4.8%</b>
Academic Recurring Operations	15.0	3.6	17.1			
Strategic Investment from Reserves	(18.9)	(21.5)	(19.2)			
One Time Transfers	8.2	8.2	3.3			
<b>SOM Academic</b>	<b>4.2</b>	<b>(9.7)</b>	<b>1.2</b>	<b>1.1%</b>	<b>-2.6%</b>	<b>0.4%</b>
Clinical Operations	18.7	14.0	14.8			
Support of Academic Mission	(26.4)	(25.4)	(22.1)			
<b>UPG - SOM Clinical</b>	<b>(7.8)</b>	<b>(11.4)</b>	<b>(7.3)</b>	<b>-2.0%</b>	<b>-3.1%</b>	<b>-2.1%</b>
<b>Library - Health System</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>-8.0%</b>	<b>-12.7%</b>	<b>-9.2%</b>
Health System Support/Transfers	(46.8)	(40.0)	(30.9)			
<b>Consolidated Health System</b>	<b>(31.8)</b>	<b>(10.1)</b>	<b>25.9</b>	<b>-1.6%</b>	<b>-0.5%</b>	<b>1.4%</b>

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

Through the third quarter of Fiscal Year 2020, the academic enterprise generated a \$15M surplus in its academic recurring operations. This reflects an \$11.4M favorable variance to budget, resulting from increased gifts and controlled spending, including favorable salary coverage on grants.

Spending related to one-time strategic investments totaled \$18.9M, funded by the Dean's reserves. In addition, the School received \$8.2M in transfers from the Medical Center for capital improvements (Pinn Hall renovations).

### **UVA Physicians Group (Clinical Enterprise)**

Through the third quarter of Fiscal Year 2020, the clinical enterprise (UPG) produced an operating loss of \$7.8M, which was \$3.6M favorable to budget. The favorable budget variance is primarily driven by strong patient care volumes from the first half of the fiscal year. The gains from that period have been partially offset by the new charity care discount program implemented January 1, 2020 and, more significantly, by a steep decline in patient care volumes amidst the COVID-19 pandemic in mid to late March. Financial results are expected to decline further in the fourth quarter as a result of the pandemic, despite mitigation efforts underway.

### **UVA Medical Center**

Through the third quarter of Fiscal Year 2020, the operating income for all business units was \$17.5M, resulting in a 1.3% operating margin. Operating income was unfavorable to budget by \$34.1M, driven primarily by the COVID-19 volume disruption. The all payer case mix was 2.13 and exceeded budget by 1.9%. The operating margin for the consolidated Medical Center is supported by imaging, dialysis, the UVA Transitional Care Hospital, Continuum and the management of shared services expenses, which have all been negatively impacted by the pandemic. Fiscal Year-to-date through March 31, 2020, the Medical Center generated \$65.7M in cash from operations (EBITDA) after transfers and cash reserves totaled 182 days. Total expenses adjusted for volume and acuity were 2.4% greater than budget.

Total paid employees for all business units, including contracted employees, were 119 above budget. Contract labor is composed primarily of nurse travelers and individuals employed by the School of Medicine and contracted to the Medical Center. The Medical Center utilized 120 nurse travelers.

	<b><u>FY2020</u></b>	<b><u>2020 Budget</u></b>
Employee FTEs	8,758	8,749
Contract Labor FTEs	268	158
Salary, Wage and Benefit Cost / FTE	\$88,202	\$88,894
Total FTEs	9,026	8,907



## **Transitional Care Hospital**

For the nine months ended March 31, 2020, the operating loss for the Transitional Care Hospital (TCH) was \$4.0M, yielding an unfavorable budget variance of \$2.2M. This variance was primarily attributable to a changing mission for TCH. By accepting hard to place patients from the Medical Center and caring for them in a lower cost setting, TCH experienced fewer qualified patients, lower case mix and a worsening payor mix. Of the 211 discharges through the third quarter of Fiscal Year 2020, 92% were from the Medical Center, further demonstrating the importance and value of long term acute care services in the continuum of care.

Through cost savings generated by caring for patients in a lower cost setting, TCH provided a \$1.5M benefit to the system in addition to freeing up beds at the Medical Center.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-18	Mar-19	Mar-20	Mar-20
Net patient revenue	\$1,202.0	\$1,286.2	\$1,296.4	\$1,330.7
Other revenue	<u>37.4</u>	<u>39.2</u>	<u>42.6</u>	<u>38.1</u>
Total operating revenue	<u>\$1,239.4</u>	<u>\$1,325.3</u>	<u>\$1,339.0</u>	<u>\$1,368.8</u>
Operating expenses	1,120.0	1,171.7	1,226.4	1,222.5
Depreciation	74.0	75.8	81.2	80.8
Interest expense	<u>15.2</u>	<u>14.6</u>	<u>13.8</u>	<u>13.8</u>
Total operating expenses	<u>\$1,209.2</u>	<u>\$1,262.0</u>	<u>\$1,321.4</u>	<u>\$1,317.2</u>
Operating income (loss)	<u>\$30.2</u>	<u>\$63.3</u>	<u>\$17.5</u>	<u>\$51.6</u>
Non-operating income (loss)	<u>(\$2.5)</u>	<u>(\$10.4)</u>	<u>(\$135.9)</u>	<u>(\$48.8)</u>
Net income (loss)	<u>\$27.7</u>	<u>\$52.9</u>	<u>(\$118.4)</u>	<u>\$2.8</u>
Principal payment	\$15.4	\$16.2	\$16.3	\$16.3

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

Description	Most Recent Three Fiscal Years		
	Mar-18	Mar-19	Mar-20
<b>Assets</b>			
Operating cash and investments	\$17.4	\$40.9	\$66.2
Patient accounts receivables	215.5	275.4	230.2
Property, plant and equipment	1,126.1	1,216.8	1,328.6
Depreciation reserve and other investments	551.3	480.5	396.9
Endowment Funds	631.6	661.0	599.7
Other assets	<u>260.8</u>	<u>261.4</u>	<u>272.7</u>
<b>Total Assets</b>	<b><u>\$2,802.7</u></b>	<b><u>\$2,935.9</u></b>	<b><u>\$2,894.3</u></b>
<b>Liabilities</b>			
Current portion long-term debt	\$10.5	\$10.2	\$9.8
Accounts payable & other liab	112.1	141.1	138.5
Long-term debt	792.9	772.7	757.9
Accrued leave and other LT liab	<u>282.4</u>	<u>365.1</u>	<u>397.9</u>
<b>Total Liabilities</b>	<b>- <u>\$1,197.8</u></b>	<b>- <u>\$1,289.2</u></b>	<b>- <u>\$1,304.1</u></b>
<b>Fund Balance</b>	<b>- <u>\$1,604.9</u></b>	<b>- <u>\$1,646.8</u></b>	<b>- <u>\$1,590.2</u></b>
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$2,802.7</u></b>	<b><u>\$2,935.9</u></b>	<b><u>\$2,894.3</u></b>

\*396.9M includes ED/Bed Tower bond issue funds of \$44.7M

**University of Virginia Medical Center  
Financial Ratios**

<b>Description</b>	<b>Most Recent Three Fiscal Years</b>			<b>Budget/Target</b>
	<b>Mar-18</b>	<b>Mar-19</b>	<b>Mar-20</b>	<b>Mar-20</b>
Operating margin (%)	2.4%	4.8%	1.3%	3.8%
Current ratio (x)	1.9	2.1	2.0	2.0
Days cash on hand (days)	148	197	182	190
Gross accounts receivable (days)	50.7	53.5	48.7	50.0
Annual debt service coverage (x)	3.8	4.7	(0.8)	3.6
Debt-to-capitalization (%)	34.9%	33.8%	34.0%	34.0%
Capital expense (%)	7.4%	7.2%	7.2%	7.2%

**University of Virginia Medical Center  
Operating Statistics**

<b>Description</b>	<b>Most Recent Three Fiscal Years</b>			<b>Budget/Target</b>
	<b>Mar-18</b>	<b>Mar-19</b>	<b>Mar-20</b>	<b>Mar-20</b>
Acute Discharges	21,818	21,944	21,248	22,698
Patient days	142,006	143,194	143,751	144,714
Observation Billed Encounters - MC only	3,142	3,826	3,897	3,777
All Payor CMI Adj Avg Length of Stay - MC only	3.03	3.02	3.06	2.93
OP Billed Encounters	574,344	598,361	604,944	616,835
ER Billed Encounters	33,534	32,534	33,813	33,783
All Payor CMI - MC Only	2.08	2.10	2.13	2.09
Average beds available				
FTE's (including contract labor)	8,584	8,734	9,026	8,907

University of Virginia Medical Center  
**SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES**  
 Fiscal Year to Date March 31, 2020 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
<b>DISCHARGES:</b>					<b>ACUTE INPATIENTS:</b>				
Medical Center	21,037	22,436	(6.2%)	21,692	Inpatient Days - MC	136,862	137,554	(0.5%)	136,093
Transitional Care	211	262	(19.5%)	252	All Payor CMI Adjusted ALOS - MC	3.06	2.93	(4.3%)	3.02
Subtotal	21,248	22,698	(6.4%)	21,944	Average Daily Census - MC	498	500	(0.5%)	497
Observation Billed Encounters	3,897	3,777	3.2%	3,826	Births	1,497	1,474	1.6%	1,471
Total Discharges & OBS Billed Encounters	25,145	26,475	(5.0%)	25,770	<b>OUTPATIENT BILLED ENCOUNTERS:</b>				
Adjusted Discharges	47,556	49,543	(4.0%)	47,912	Medical Center	604,944	616,835	(1.9%)	598,361
					Average per Clinic Day	3,176	3,238	(1.9%)	3,174
					Emergency Room - MC	33,813	33,783	0.1%	32,534
<b>CASE MIX INDEX:</b>					<b>SURGICAL CASES</b>				
All Payor CMI - UVA Hosp & Clinics	2.13	2.09	1.9%	2.10	UVA Main Hospital Operating Room	13,562	13,907	(2.5%)	13,560
Medicare CMI - UVA Hosp & Clinics	2.34	2.20	6.4%	2.21	Battle	9,396	9,880	(4.9%)	9,667
					Total	22,958	23,787	(3.5%)	23,227

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)				
<b>NET REVENUES:</b>					<b>NET REVENUE BY PAYOR:</b>				
Net Patient Service Revenue	1,296,395	1,330,693	(2.6%)	1,286,151	Medicare	\$ 378,955	\$ 384,220	(1.4%)	\$ 366,673
Other Operating Revenue	42,567	38,115	11.7%	39,192	Medicaid	244,438	265,245	(7.8%)	249,242
Total	\$ 1,338,962	\$ 1,368,808	(2.2%)	\$ 1,325,343	Commercial Insurance	192,620	198,635	(3.0%)	200,403
					Anthem	281,123	283,208	(0.7%)	267,304
					Aetna	98,839	102,313	(3.4%)	87,893
					Other	100,420	97,071	3.4%	114,637
					Total Paying Patient Revenue	\$ 1,296,395	\$ 1,330,693	(2.6%)	\$ 1,286,151
<b>EXPENSES:</b>					<b>OTHER:</b>				
Salaries, Wages & Contract Labor	\$ 602,118	\$ 596,932	(0.9%)	\$ 585,797	Collection % of Gross Billings	27.71%	27.73%	(0.1%)	28.90%
Supplies	352,307	351,762	(0.2%)	335,338	Days of Revenue in Receivables (Gross)	48.7	50.0	2.6%	53.5
Contracts & Purchased Services	271,983	273,838	0.7%	250,549	Cost per CMI Adjusted Admission	\$ 13,101	\$ 12,795	(2.4%)	\$ 12,617
Depreciation	81,239	80,828	(0.5%)	75,793	Total F.T.E.'s (including Contract Labor)	9,026	8,907	(1.3%)	8,734
Interest Expense	13,800	13,824	0.2%	14,551	F.T.E.'s Per CMI Adjusted Admission	24.62	23.79	(3.5%)	23.92
Total	\$ 1,321,447	\$ 1,317,184	(0.3%)	\$ 1,262,028					
Operating Income	\$ 17,514	\$ 51,624	(66.1%)	\$ 63,315					
Operating Margin %	1.3%	3.8%		4.8%					

University of Virginia Medical Center

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

Fiscal Year to Date March 31, 2020 with Comparative Figures for Prior Fiscal Year

**Assumptions - Operating Statistical Measures**

**Discharges and Case Mix Assumptions**

Discharges include all admissions except normal new borns

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

Observations are for billed encounters only

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

**Other Institutional Measures Assumptions**

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

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

**Assumptions - Operating Financial Measures**

**Revenues and Expenses Assumptions:**

Medicaid out of state is included in Medicaid

Medicaid HMOs are included in Medicaid

Physician portion of DSH is included in Other

Non-recurring revenue is included

**Other Institutional Measures Assumptions**

Collection % of Gross Billings includes appropriations

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

Cost per CMI Adjusted Discharge uses All Payor CMI to adjust

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

**BOARD MEETING:** June 4, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** I.D.2. ACTION ITEM: Fiscal Year 2021 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 School of Nursing (SON), the University of Virginia Physicians Group (UPG), and the Library. The Medical Center, School of Medicine, School of Nursing, 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. **This proposal contains the pre-COVID-19 budget and will be revised.**

**DISCUSSION:** For Fiscal Year 2021 (Pre-COVID-19), the Health System is budgeting a \$7.4M operating surplus as described below.

	Operating Income			Operating Margin		
	<u>FY20B</u>	<u>FY20P</u>	<u>FY21B</u>	<u>FY20B</u>	<u>FY20P</u>	<u>FY21B</u>
UVA Hospital, Clinics, Subs & Joint Ventures	121.6	110.3	121.2			
Shared Services	(43.9)	(32.5)	(35.9)			
<b>Consolidated Medical Center</b>	<b>77.7</b>	<b>77.7</b>	<b>85.3</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.4%</b>
Academic Recurring Operations	7.7	8.8	4.7			
Strategic Investment from Reserves	(27.4)	(26.7)	(24.4)			
One Time Transfers	10.9	10.9	2.4			
<b>School of Medicine</b>	<b>(8.8)</b>	<b>(7.1)</b>	<b>(17.4)</b>	<b>-1.8%</b>	<b>-1.5%</b>	<b>-3.5%</b>
Clinical Operations	23.2	37.3	18.2			
Support of Academic Mission	(31.4)	(35.7)	(33.4)			
<b>UPG</b>	<b>(8.1)</b>	<b>1.6</b>	<b>(15.3)</b>	<b>-1.6%</b>	<b>0.3%</b>	<b>-2.9%</b>
<b>School of Nursing</b>	<b>(2.1)</b>	<b>0.3</b>	<b>-</b>	<b>-8.5%</b>	<b>0.9%</b>	<b>0.0%</b>
<b>Library - Health System</b>	<b>-</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>0.0%</b>	<b>-5.6%</b>	<b>-9.0%</b>
Health System Support/Transfers	(54.9)	(58.1)	(44.7)			
<b>Consolidated Health System</b>	<b>3.8</b>	<b>14.2</b>	<b>7.4</b>	<b>0.9%</b>	<b>0.5%</b>	<b>0.3%</b>



**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:

- Operationalization of hospital expansion's three new inpatient floors, decant of semi-private rooms, and optimization of new emergency department and procedural areas.
- Execution of value management plan, with specific focus on medical supply and pharmaceutical utilization and clinical variation.
- Advancement of ambulatory optimization work, including the continued implementation of patient-centered centralized scheduling.
- Optimization of EPIC, MyChart and other new technologies.
- Continued development of the Specialty Pharmacy and Contract Pharmacy programs.
- Continued focus on team member/patient safety and quality outcomes improvement.
- Continued development of School of Medicine IT infrastructure, data and analytic capabilities, as well as investment in Pinn Hall facilities.
- Implementing programs funded by the NIH funded Clinical and Translational Science Award (iTHRIV).
- Maintaining market driven and performance compensation enhancements for faculty and staff.
- Maintaining and improving 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 pressures, specifically related to further payment reductions (e.g. 340b, GME, IME, and facilities fees).
- Continued increase in consumerism; pressure on cost of care and price transparency, specifically for commodity services.
- Maintaining and growing a superior workforce in an environment where workforce shortages are projected.
- Ability to contain costs and gain efficiencies, serving as both the community safety net and a regional tertiary quaternary health system.
- Maintaining high inpatient acuity (case mix index) with virtual expansion of bed capacity.
- Additional financial assistance policy changes in response to revenue cycle optimization.
- Sustained success in recruiting permanent registered nurses and technicians, and reducing our reliance on contract/traveler nurse staffing to meet patient care needs.

## **School of Medicine**

The School of Medicine budgeted operating margin after transfers is (\$17.4M). 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 School's 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 \$2.4M for the renovation of Pinn Hall. These funds are included in the operating statement of the School; however, these 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 \$4.7M.

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% to 4.1% tuition increase for the Biomedical Sciences Graduate Program and the Masters of Public Health Sciences programs, depending on the in-state or out-of-state status and the year in the program. The Fiscal Year 2021 budget includes \$1.8M expenses associated with the INOVA medical education initiative starting in March of 2021; the tuition, fees and enrollment for the Medical Education Program are expected to remain the same as Fiscal Year 2020. 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 2021 budget are projected to increase 8.5% over the Fiscal Year 2020 projection, with 83% of the grants expenses budgeted on awards that are already received. The split between NIH and non-NIH grants is expected to remain at the current 60/40 ratio. A higher growth rate of 12.3% is projected for the Indirect Cost Recovery revenue, reflecting a growth in the research spending and a higher effective F&A rate.

Total capital spending for the School's mission is budgeted at \$18.3M in Fiscal Year 2021. Anticipated capital spending for the academic mission include the completion of the Pinn Hall Phase 1 renovation funded by the Medical Center and the Pinn Hall Exterior Brick replacement, for which \$7.6M are funded through the state maintenance reserve.

## **School of Nursing**

The School of Nursing budgeted operating margin is break even. The Board of Visitors approved tuition increases of 3.7% for undergraduate programs and between 3.8% and 4.0% for graduate programs. The total grant expenses for the Fiscal Year 2021 budget are projected to increase 5.3% over the Fiscal Year 2020 projection. Total capital spending for the School of Nursing's mission is budgeted at \$1.0M in Fiscal Year 2021. This entire amount is funded by a gift.

## **UVA Physicians Group (Clinical Enterprise)**

The Clinical Enterprise is comprised of professional services provided through UPG. The Fiscal Year 2021 budget's operating margin before and after contributions to support the academic mission is \$18.2M and (\$15.3M), 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 2021 budget includes a 3.9% increase in patient care volumes over Fiscal Year 2020 projection. Total expenses before support of the academic mission are expected to increase 6.8% over the Fiscal Year 2020 projection, with the vast majority of that growth being driven by labor at 6.9% up over Fiscal Year 2020 projection. The increase in labor expense reflects an optimistic assumption for onboarding clinicians, 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 \$33.4M. Capital spend is budgeted at \$8.3M in Fiscal Year 2021, primarily due to clinical expansion and refurbishment of existing Clinical Practice locations, all of which will be financed by operating cash.

### **Medical Center**

**Market Conditions:** For Fiscal Year 2021, discharges are budgeted to grow 6.3% from Fiscal Year 2020 projected levels. Although statewide admissions are trending downward, our budgeted projection is driven by gaining virtual bed capacity from hospital expansion and targeted growth efforts across Children's, Heart and Vascular, Musculoskeletal, Oncology, and Transplant services. Targeted length of stay efforts and hospital expansion south units will provide additional capacity for discharges, resulting in an average daily census of 538, +35 higher than current year projections.

Outpatient services are expected to grow by 5.3% in total. The following table includes historical and projected patient volumes:

	<u>Actual</u> <u>FY 2019</u>	<u>Projected</u> <u>FY 2020</u>	<u>Budget</u> <u>FY 2021</u>
Discharges Medical Center	28,847	28,023	30,080
Discharges Transitional Care	319	280	320
Adjusted Discharges	63,921	62,843	66,167
Average length of stay MC	6.32	6.52	6.53
ALOS Transitional Care Hosp.	28.96	29.70	30.27
Outpatient Encounters - MC	804,151	823,126	866,361

**Revenues:** Fiscal Year 2021 budgeted revenue is \$1.936B, 5.7% above projected Fiscal Year 2020 revenue. Growth in revenues into Fiscal Year 2021 will result from rate increases in commercial contracts, an uptick in volumes due to increased inpatient capacity

from new hospital expansion inpatient units, and continued high case mix index (CMI) of 2.15, which has been realized during Fiscal Year 2020.

Medical Center outpatient surgical volumes are expected to increase 1.6% as there is limited remaining capacity within existing outpatient surgery center for additional cases. Although the hospital expansion added four additional operating rooms, main operating room surgeries are expected to grow only 0.7%, as operating room floor renovations will occur throughout the course of the Fiscal Year, taking an equivalent of three rooms offline. Current operating room throughput is constrained by PACU and sterile processing capacities. Operational efforts are underway to optimize outpatient and main operating room usage, including assessments of moving clinically indicated cases to the outpatient surgical setting.

The Medical Center expects an aggregate rate increase of 5.0% on commercial contracts, which is commensurate with rate increases that will generally be implemented in the hospital industry.

**Expenses:** Expenses from operations are projected to increase by \$97.1M from the Fiscal Year 2020 projection, a 5.5% increase. This represents a 2.0% increase when adjusting for volume and patient acuity. About \$25M is related to new operating expense to enable hospital expansion in south tower inpatient units.

Fiscal Year 2021 includes \$36.5M in value management targets associated with continuous improvement activities to reform the Medical Center cost structure. This includes revenue enhancement activities and expense reduction based on clinical utilization and/or contractual enhancements through the group purchasing organization.

Previous increases in capital investment will result in additional net depreciation expense of \$3.9M for Fiscal Year 2021 as we invest in strategic projects, including the hospital expansion project. The Medical Center's 2020-2021 fiscal plan accounts for these additional expenses while preserving its goal of providing high quality and cost effective health care, education, and research services.

**Staffing:** The Medical Center's Fiscal Year 2021 budget has been benchmarked with comparable academic medical centers. FTEs are planned at 9,453, an increase of 470 FTEs (5.2%) from the current Fiscal Year projection of 8,983 FTEs:

With regard to compensation increases, the pool for market, merit and living wage actions has been established at \$16.4M, which includes the impact on benefit costs and is based on 3.0% salary adjustments 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:

<b>(Millions)</b>	<b>Actual FY 2019</b>	<b>Projected FY 2020</b>	<b>Budgeted FY 2021</b>
Total operating revenue	\$1,783	\$1,832	\$1,926
Operating expense	<u>1,689</u>	<u>1,754</u>	<u>1,841</u>
Operating income	94	78	85
Transfers to SOM*	<u>(39)</u>	<u>(58)</u>	<u>(45)</u>
Total Income after transfers	\$55	\$20	\$40
Operating margin	5.3%	4.2%	4.4%
EBITDA**	\$126	\$203	\$215

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

\*\* EBITDA is operating earnings before interest, taxes, depreciation and amortization.

**Transitional Care Hospital:** The Medical Center includes the TCH as a strategically important asset. The TCH budget for Fiscal Year 2021 has an operating loss of \$2.7M. This loss is due to the TCH mission to serve not only long-term acute care patients who qualify for higher long term acute care hospital 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 320, with 310 projected to come from the Medical Center, which will provide a \$2.4M financial benefit to the Medical Center. 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 existing equipment and facilities. Subject to funds availability, the Health System management team recommends \$140.5M be authorized for Fiscal Year 2021 capital requirements. Request per enterprise: Medical Center \$116.6M, School of Medicine \$17.0M (with \$10.0M funded from external sources), School of Nursing \$1.0M (with all funded from external sources), and UPG \$8.3M.

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

**2020-2021 OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER**

RESOLVED, the 2020-2021 \$1.9 billion operating and \$116.6 million capital budget for the University of Virginia Medical Center, incorporating the Transitional Care Hospital,

are approved as recommended by the President, the Executive Vice President for Health Affairs, the Chief Operating Officer, and the Health System Board;

RESOLVED FURTHER, the President, the Executive Vice President for Health Affairs, and the Chief Operating Officer will present a revised 2020-2021 operating budget for the University of Virginia Medical Center for approval no later than September 11, 2020.

**Schedule A**  
**University of Virginia - Medical Center**  
**Projected Fiscal Plan**  
**FY2021**

	FY2019 Actual	FY2020 Forecast	FY2021 Budget
<b>Revenues</b>			
Total Gross Charges	\$ 5,971,798,998	\$ 6,389,491,699	\$ 6,896,611,330
Less Deductions:			
Indigent Care Deduction	282,550,144	174,507,151	188,607,461
Bad Debt	88,623,485	125,751,237	76,301,034
Contractual Deduction	3,881,497,144	4,284,625,249	4,738,312,134
Charity Care	-	31,244,266	10,162,410
Total Deductions	4,252,670,773	4,616,127,903	5,013,383,039
Net Patient Revenue	1,719,128,225	1,773,363,797	1,883,228,291
Miscellaneous Revenue	63,786,782	58,296,246	53,119,629
<b>Total Revenue</b>	<b>1,782,915,006</b>	<b>1,831,660,043</b>	<b>1,936,347,920</b>
<b>Expenses</b>			
Expenses from Operations			
Operating Expenses	1,656,680,746	1,628,602,787	1,721,467,910
Depreciation and Amortization	12,443,877	106,908,828	110,831,541
Interest Expense	19,396,460	18,406,495	18,715,506
Total Expenses from Operations	1,688,521,083	1,753,918,110	1,851,014,957
<b>Operating Income</b>	<b>94,393,923</b>	<b>77,741,933</b>	<b>85,332,963</b>
Non-Operating Expense Transfers *	(39,463,201)	(58,054,589)	(44,696,776)
<b>Net Income After Transfers</b>	<b>\$ 54,930,722</b>	<b>\$ 19,687,344</b>	<b>\$ 40,636,187</b>
<b>Statistics</b>			
Discharges - Medical Center	28,847	28,023	30,080
Discharges - Transitional Care Hospital	319	280	320
Outpatient Encounters	804,151	823,126	866,361
Emergency Room Billed Encounters	43,708	45,611	48,943
Average Length of Stay - Medical Center	6.32	6.52	6.53
Average Length of Stay - Transitional Care Hospital	28.96	29.70	30.27

\* 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)**

	FY2021 Budget	FY2020 Projected	FY2020 Budget	FY2019 Actual
<b>Operating Revenues</b>				
Total Gross Charges	\$6,896,611	\$6,389,491	\$6,410,425	\$5,971,799
Less Deductions:				
Indigent Care Deduction	188,607	174,507	220,250	282,550
Bad Debt	76,301	125,751	97,200	88,623
Contractual Deduction	4,738,312	4,284,625	4,306,241	3,881,497
Charity Care	10,162	31,244	-	-
Total Deductions	5,013,383	4,616,127	4,623,691	4,252,671
Net Patient Revenue	1,883,228	1,773,364	1,786,734	1,719,128
Miscellaneous Revenue	53,120	58,296	51,162	63,787
<b>Total Operating Revenues</b>	<b>1,936,348</b>	<b>1,831,660</b>	<b>1,837,896</b>	<b>1,782,915</b>
<b>Operating Expenses</b>				
Compensation and Benefits	843,354	797,186	796,882	769,679
Supplies, Utilities, and Other	878,114	831,417	836,627	797,002
Depreciation and Amortization	110,832	106,909	108,210	102,444
Interest Expense	18,716	18,406	18,435	19,396
Total Operating Expenses	1,851,015	1,753,918	1,760,154	1,688,521
<b>Operating Income</b>	<b>85,333</b>	<b>77,742</b>	<b>77,742</b>	<b>94,394</b>
<b>Operating Income Percent</b>	<b>4.41%</b>	<b>4.24%</b>	<b>4.23%</b>	<b>5.29%</b>
Non-Operating Expense Transfers*	(44,697)	(58,055)	(53,386)	(39,463)
Net Income After Transfers	40,636	19,687	24,356	54,931
Add back Depreciation and Amortization	110,832	106,909	108,210	102,444
Less Principal Payments on Debt	(23,151)	(22,082)	(22,082)	(22,628)
Add Non-Operating Gains and Transfers	(4,687)	32,383	(11,771)	59,849
Cash Available for Capital and Other	123,630	136,897	98,713	194,595
Capital Funded from Operations	(116,602)	(99,315)	(120,923)	(67,966)
<b>Additions to Cash and Reserves</b>	<b>\$7,027</b>	<b>\$37,582</b>	<b>-\$22,210</b>	<b>\$126,629</b>

\* 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 4, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** II. Medical Center Operations Report

**ACTION REQUIRED:** None

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

**DISCUSSION:**

**OPERATIONS REPORT**

**Goal: To become the safest place to receive care**

The Medical Center’s balanced scorecard metrics show that performance rates for 30 Day Readmissions, Hospital Associated Pressure Ulcers, Clostridium Difficile infections, and Deep Vein Thrombosis Pulmonary Embolisms are improved over the previous fiscal year.

During the COVID-19 outbreak, a number of the quality and performance improvement staff have been redeployed to emerging projects necessary to ensure patient and team member safety. These have included the development and training of best practices for the use of Personal Protective Equipment (PPE), decontamination of N95 masks for reuse, and establishment of social distancing protocols for ambulatory registration and waiting area processes.

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

Team member injuries as measured by the Total Case Injury Rate is performing significantly better than the previous fiscal year. This translates to over 40 fewer injuries during the current year with an additional 6,000 worked hours.

Work continues to improve team member engagement. The Press Ganey “pulse” survey has been delayed from the spring until the fall in response to the pandemic. Interventions will continue for all teams who ranked in the lowest third of engagement (called Team Index 3). The goal is to reduce the number of Team Index 3 teams by 25%. Virtual training for managers on how to communicate furlough actions was provided in April to all managers of impacted team members.

### **Goal: To provide exceptional clinical care**

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

April experienced a notable increase in all three services due to a higher level of personalized care of all patients, especially COVID-19 patients. This is consistent with what other systems have experienced as patients and their families were very thankful and appreciative for the care provided by frontline care givers.

Inpatient experience as defined by the overall hospital rating of 9s and 10s for Fiscal Year-to-date is 78.9% (77<sup>th</sup> percentile), over prior fiscal year (77.8%) but under target (79.7%). Improvement is attributed to consistent use of the Inpatient Experience Bundle (Comfort Rounds, Handover of Care, Quiet at Night, and Leader Rounds). Each quarter this year the team is focusing on one component of the Bundle. This past quarter the focus was on Handover of Care between team members at shift change and included the patient and family. Standard work was modified based on feedback from staff and is ready for deployment.

Outpatient clinic patient experience results defined as the “willingness to recommend provider’s office” for Fiscal-Year-to-Date 2020 is 93.5% (73<sup>rd</sup> percentile), below target (93.7%) and above prior fiscal year (93.3%). Ambulatory Optimization remained a focus for quarter. Texting of patient appointment reminders, intra-procedure updates, and patient experience surveys was fully launched.

Emergency Department patient experience score was 83.5 (40<sup>th</sup> percentile) and is slightly above prior fiscal year (82.8) and below target (86.5). Processes in the new Emergency Department are delivering results. Notable increases in cleanliness of ER and surrounding area +14.4 points, comfort of the waiting area +14.3 points, nurses’ concern for privacy +7.1 points and waiting time to treatment +5.0 points.

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

Interdisciplinary huddling, that had been performing better than target for both the inpatient units and Ambulatory clinics through February, was discontinued in early March as a means of minimizing contact at in-person meetings. Instead, an effective virtual version of the leadership huddle has been implemented that continues to conduct problem solving with all key leaders. Results of that problem solving and other key messages are then communicated to the interdisciplinary teams through distribution of electronic huddle points.

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

After nine months of operations in Fiscal Year 2020, the operating income for all business units was \$17.5M, resulting in a 1.3% operating margin. Operating income was

unfavorable to budget by \$34.1M driven by key volume indicators: discharges were 6.2% below budget, main operating room surgical cases were 2.5% below budget, and outpatient visits were 1.9% below budget. The all payor case mix at 2.13 exceeded budget by 1.9%. The impact of reduced elective procedures, visits, and admissions due to COVID-19 directly impacted core volumes beginning in mid-March. Margin management remains a critical goal for fiscal year 2020 given the prolonged and uncertain impact of COVID-19, continued reduction in reimbursement, and revenue impacts resulting from adjustments to our financial assistance policy. Specific targets have been set for supply utilization, labor management, and revenue enhancement.

The University Hospital expansion project and project timeline has been modified to accommodate the surge of COVID-19 inpatients. This includes accelerated ramp-up and installation of medical equipment, monitoring devices, and addition of negative-pressure ventilation to equip floors 3-5 to isolate patients and protect staff in COVID-19 inpatient care areas. Floors 3-5 will remain as COVID-19 inpatient units indefinitely and has delayed the move of Musculoskeletal, Heart & Vascular, and Transplant service lines into new areas, originally scheduled in June 2020.

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

### **Recent Designations and Re-certifications**

The Centers for Medicare and Medicaid Services suspended non-emergency inspections until further notice. The Centers for Medicare and Medicaid Services also suspended requirements for data reporting for Medicare quality measure reporting programs. No data reflecting services provided January 1, 2020 - June 30, 2020 will be used in calculations for the Medicare quality reporting programs.

The Centers for Medicare and Medicaid Services and The Secretary of Health and Human Services (using section 1135 of the Social Security Act) made provisions to temporarily modify or waive certain requirements to help beneficiaries impacted by COVID-19 access care. Waivers included Patients over Paperwork, removed barriers to workforce expansion, and increased accessibility and billing provisions for telehealth.

The Joint Commission suspended all regular Accreditation and Certification surveys. In addition the Joint Commission suspended accreditation and certification performance measure data submission requirements. Initial reporting for perinatal care measures has been delayed and will not begin until 2021.

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

<b><u>BOARD MEETING:</u></b>	June 4, 2020
<b><u>COMMITTEE:</u></b>	Health System Board
<b><u>AGENDA ITEM:</u></b>	III. School of Medicine Report
<b><u>ACTION REQUIRED:</u></b>	None

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

**DISCUSSION:** In early March, the School of Medicine took measures to maintain mission-essential functions once it was realized that work-from-home measures were likely to be implemented. The School, along with the rest of UVA Health, was asked to take stringent reductions in operating expenses to help mitigate the impact of lost clinical revenues. All steps taken ensured that the School could continue to deliver high-quality education programs, continue vital research activities, and provide the necessary administrative structure to support these essential functions.

**EDUCATION**

**Returning Medical Students**

The undergraduate medical curriculum has a long post-clerkship phase with many weeks of electives, during which students enhance their clinical skills, sample various specialties, and focus their education on an area of intended specialization. In order to ensure that the academic progression of medical students is not delayed, the post-clerkship students will return on June 15 and the clerkship students will return on June 30.

By allowing clerkship phase students to take some post-clerkship electives online early, the School of Medicine will be able to accommodate some of the time losses that have occurred in an effort to assure on-time graduation. Patient care teaching and assessment will be reinstated by mid-June to allow post-clerkship and clerkship students to complete their direct patient care requirements for the MD degree. Upon their return in August, pre-clerkship students in the Foundations of Clinical Medicine course will be taught and assessed on their clinical skill development. Demonstrating clinical skill competencies is required for progression to clinical clerkships.

Students in the Class of 2021 must complete the post-clerkship advanced clinical requirements in order to graduate and be able to apply for residency. Thus, returning to patient care education in June is planned for Virginia's allopathic medical schools and most, if not all, in the US.

There are three principles for risk-tolerant return of medical students to clinical education: adequate virus testing for students as required by CDC and Virginia Department of Health guidelines; adequate personal protective equipment (PPE); and non-involvement of students in the care of known or suspected COVID-19 cases. The School has established protocols for testing and monitoring returning students. The School of Medicine also has established an option for any student to opt out of direct patient care provided they recognize that doing so will delay their medical education and graduation.

### **Converting to Online Delivery**

The School of Medicine moved within days to an online format for all students in each of MD, PhD, MS, and MPH programs. This helped to ensure that no student would experience a delay in academic progression due to this change in course delivery.

Each phase of medical education (pre-clerkship, clerkship, and post-clerkship in medical school, followed by residency training) teaches and assesses knowledge, skills, and behavioral competencies required to enter the next phase of education. Fortunately, all students scheduled to graduate in 2020 had completed their clinical electives required for graduation. Approximately about half needed additional elective credits to graduate; these learning opportunities were provided online and all students in the class were able to graduate. In alignment with AAMC recommendations, medical students were not involved in direct patient care.

The education teams and the School of Medicine faculty as a whole did a masterful job on a short time frame to implement this transition. The education team developed (and continues to develop) alternative learning activities. For example, Marcia and Jim Childress created a two-week educational experience on the humanities and ethics of pandemics. They developed the complete course with learning objectives, learning activities, reflective writing, and assessment, and did it within 72 hours of the suspension of direct patient care activities.

### **Match Day Results**

The School of Medicine had an excellent Match Day, with 99% of the students matching (versus the national average of 94-95%). The most in-demand specialties were Internal Medicine (37), Pediatrics (17), Anesthesiology (13), Emergency Medicine (12), Obstetrics-Gynecology (11), and General Surgery (10). Students matched at outstanding residency programs throughout the nation, including 26 students who matched at the University of Virginia.

### **Graduation in the School of Medicine**

As with the University of Virginia's final exercises, School of Medicine graduation ceremonies occurred online on Saturday, May 16. The four colleges recognized 153 recipients of the medical degree, while the Biomedical Sciences Graduate Program

bestowed the PhD to 36 students. The Public Health Sciences program awarded the Master of Public Health degree to 39 students.

## **RESEARCH**

### **Reopening the Laboratories**

The School of Medicine, working with the office of the Vice President for Research, has developed a process to reopen the research laboratories and gradually reintroduce staff, post-docs and graduate students. The process is slated to start in mid-June. Individual principle investigators will upload plans to the institutional website that will ensure proper distancing within labs and common areas, scheduling to minimize contact and allow for proper disinfecting, enforcement of cloth facial coverings, and adherence to other training, compliance, and monitoring requirements. The plans require final approvals by chairs/unit leaders and the School, along with documented training in safety procedures prior to beginning ramp-up activities.

### **Development of In-House Testing Capabilities**

Collaboration among Drs. Christopher Moskaluk, Amy Mathers, and Mindy Poulter led to UVA Health being the first medical center in Virginia to develop an assay to test for COVID-19. The effort was aided by contributions from Dr. Larry Lum whose work in the GMP (Good Manufacturing Practice) facility provided the viral transport medium. Many investigators in the School and across Grounds also provided critical reagents and other supplies.

As a result of this remarkable team effort, UVA Health is now offering its newly developed COVID-19 testing to multiple hospitals across Virginia and North Carolina, and Governor Northam has designated UVA as the Commonwealth's test site for the Virginia Department of Health.

### **COVID-19 Clinical Trials**

School of Medicine investigators were involved in multiple clinical trials addressing COVID-19, including a national trial of remdesivir, with Patrick Johnson, MD, the principal investigator of the trial at UVA. In early May, the federal Food and Drug Administration approved emergency use of the drug for treatment of hospitalized adults and children with severe cases of COVID-19.

School of Medicine investigators are also engaged in a clinical trial testing the effectiveness of using plasma from patients who have recovered from COVID-19 as a potential treatment for inpatients with the disease. This plasma, also known as convalescent plasma, has antibodies to COVID-19 that may aid in treatment.

UVA's Clinical and Translational Science Award framework, iTHRIV (integrated Translational Research Institute of Virginia), serves a significant role in coordinating access

to research material and ensuring the rights of our patients are preserved. iTHRIV also serves as a conduit for COVID-related funding opportunities.

### **Extramural Funding**

As of May 20, 2020, the School of Medicine's total extramural funding was \$195 million for the current Fiscal Year; the School was at \$192 million at this time last year. NIH funding is at \$125.9 million, compared to \$102 million last year at this time.

Although we cannot accurately predict the complete impact of the pandemic on year-end totals, it is notable that several foundations, including the Juvenile Diabetes Foundation and the V Foundation, have decided they will not fund any approved grants this year, including several research awards and a clinical trial that had been approved for full funding. Similar decisions may be forthcoming from other non-federal sources. The NIH has been withholding and delaying funding decisions, as well as pulling back some as-yet-unawarded funding allocations in preparation for funding COVID-19 research. These decisions will have the most impact on Fiscal Year 2021 funding.

Researchers have additional opportunities to apply for funds for COVID-19 research, particularly from the NIH. Several applications have been made for these awards, but funding decisions are not expected until Fiscal Year 2021.

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

**BOARD MEETING:** June 4, 2020

**COMMITTEE:** Health System Board

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

**ACTION REQUIRED:** None

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

**DISCUSSION:**

**OPERATIONS REPORT**

**Healing**

The overall quality program at TCH for the third quarter of Fiscal Year 2020 resulted in some positive outcomes for the patients it served. The mortality rate for the year-to-date is only 6.19 % compared to benchmark data of 9.34%. Acquired C. Difficile rate is 0.96 compared to 1.0 national incidence rate. Ventilator weaning rate of 54.55% is on par with national averages of other long-term acute care providers. Finally, 30-day unplanned readmission rate to the medical center was 19.7% compared to an internal goal of 20%.

Areas of opportunity continue to include reduction in team member injuries and reduction in skin integrity issues. Both of these areas are outside of target ranges for the year and are receiving management focus and efforts. These efforts have resulted in improvements in both areas, with the month of March having no team member injuries and only one change in skin integrity.

**Serving**

In Fiscal Year 2020 through April, TCH has had an average daily census (ADC) of 25.6 patients on a budget of 26.1 ADC. TCH had a total of 237 admissions, with an acuity index of 1.09 for Medicare patients as well as an overall acuity index of only 1.09 due to TCH changing its mission in 2019 to accept difficult to place patients from the Medical Center. Many of these patients did not qualify for long term acute care hospital admission, and some of them had no payment method but required continued inpatient care. Accepting lower acuity patients that were hard to place helped create capacity at the Medical Center and provided an estimated \$1.5 million in savings to the system.



Patient Satisfaction scores continue to reflect a high level of satisfaction with the care provided at TCH. Of the surveys returned so far in FY 2020, 37 of 47 surveys rated TCH a 9-10 on a 10-point Likert scale and all respondents but one stated they would recommend TCH to others. While the sample size was small with a 28% response rate, patient feedback remains positive and we will focus on increasing response rates in future quarters.

### **Engaging**

The FY 2020 employee engagement survey has been delayed due to the impact of COVID-19 on operations. However, employee engagement remains a focus. With staff being furloughed due to the fiscal impact of the pandemic, management is staying diligent and routinely checking in with staff regarding how they are managing both professionally and personally, while offering assistance when possible. Despite social distancing, management is routinely rounding on patients and staff, attending shift huddles and offering appreciation for their dedication and compassion towards patients and each other. Once COVID-19 begins to be less disruptive to normal operations, TCH will be finding ways to celebrate its 10<sup>th</sup> anniversary of operations this August.

### **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. The Admissions Coordinator manages insurance authorizations and admissions paperwork. Case managers then take over at the point of admission to ensure continued stay authorization, successful stay and discharge plan.

For the first 3 quarters of FY 2020, 95% of TCH admissions came from the UVA Medical Center while the rest came from outside hospitals. Breakdown of admissions by medical categories include 37% vent weaning and respiratory complex, 35% medically complex, and 26% complex wounds. Discharge to home and skilled nursing facilities remain our highest discharge dispositions of the four lower level of care options (IRF, SNF, Home, and Hospice). Our case mix index was 1.09 for all patients year-to-date mainly due to the lower ventilator patient census and taking more non-qualifying, custodial and low acuity patients from the medical center. Our average length of stay through April FY 2020 was 32.4 for all payers and 29.3 for Medicare patients.

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

The TCH had its triennial Joint Commission inspection in late January. TCH received only 9 low-level recommendations for improvement (RFIs) and they were all corrected during the course of the survey. The average number of RFIs for this type of survey is 43 according to the lead inspector so he congratulated the TCH for its low number of RFIs and compliant operations. All other Joint Commission inspections for Calendar Year 2020 are on hold at this time due to the impact of COVID-19.