

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

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

**September 10, 2020**

**HEALTH SYSTEM BOARD**  
**Thursday, September 10, 2020**  
**1:00 p.m. – 4:30 p.m.**  
**Pavilion Ballroom, Boar's Head Resort**

**Committee Members:**

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

**Public Members:**

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

**Ex Officio Members:**

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

**AGENDA**

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- Transitional Care Hospital Operations (Written Report)

**VI. 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 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.

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

**BOARD MEETING:** September 10, 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:** September 10, 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 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:** September 10, 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 a report on UVA Health's ongoing response to the COVID-19 pandemic.

**UNIVERSITY OF VIRGINIA**

**BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 10, 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 the Health System, he was the Associate Vice President for Financial Services and Controller for Wake Forest Baptist Medical Center. He is an active Certified Public Accountant, a Certified Healthcare Finance Professional, and a Certified Information Technology Professional with over 25 years of financial management experience.

**FINANCE REPORT**

Overall, the Health System’s operating income is unfavorable to budget for the 12 months ended June 30, 2020 (unaudited).

	Operating Income			Operating Margin		
	Actual	Budget	Pr Year	Actual	Budget	Pr Year
UVA Hospital, Clinics, Subs & Joint Ventures	34.2	111.4	136.8			
Shared Services	(26.4)	(33.7)	(42.4)			
<b>Consolidated Medical Center</b>	<b>10.8</b>	<b>77.7</b>	<b>94.4</b>	<b>0.6%</b>	<b>4.2%</b>	<b>5.3%</b>
Clinical Operations	32.4	25.9	27.2			
Support of Academic Mission	(31.8)	(34.0)	(28.7)			
<b>UPG - SOM Clinical</b>	<b>0.6</b>	<b>(8.1)</b>	<b>(1.5)</b>	<b>0.1%</b>	<b>-1.6%</b>	<b>-0.3%</b>
Academic Recurring Operations	18.9	7.7	11.3			
Strategic Investment from Reserves	(22.9)	(27.4)	(26.2)			
One Time Transfers	10.9	10.9	2.9			
<b>SOM Academic</b>	<b>6.9</b>	<b>(8.8)</b>	<b>(12.1)</b>	<b>1.4%</b>	<b>-1.8%</b>	<b>-2.7%</b>
<b>SON Academic</b>	<b>0.3</b>	<b>(1.9)</b>	<b>(0.5)</b>	<b>0.9%</b>	<b>-7.3%</b>	<b>-1.9%</b>
<b>Library - Health System</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.0)</b>	<b>-2.8%</b>	<b>-4.6%</b>	<b>-0.2%</b>
Health System Support/Transfers	(58.7)	(53.4)	(39.5)			
<b>Consolidated Health System</b>	<b>(38.9)</b>	<b>5.3</b>	<b>40.8</b>	<b>-1.5%</b>	<b>0.2%</b>	<b>1.6%</b>

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

In Fiscal Year 2020, the School of Medicine generated an \$18.9M surplus in its academic recurring operations. This reflects an \$11.2M favorable variance to budget, resulting from increased gifts and other operating revenue as well as controlled spending and favorable salary coverage on grants. These favorable drivers were offset by decreased Facilities and Administration of \$4.8M due to lower non-personnel research spending. While research spending was unfavorable to budget, it was 5.8% higher than prior year on a cash basis.

Spending related to one-time strategic investments totaled \$22.9M and were funded by the Dean's Office reserves. In addition, the School received \$10.9M in transfers from the Medical Center for capital improvements (Pinn Hall renovations).

The COVID-19 financial mitigation plan resulted in a \$2.5M favorable impact, due to \$6.1M cost savings on non-sponsored funds, partially offset by a \$3.6M reduction in revenues from the Medical Center and UPG.

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

In Fiscal Year 2020, the School of Nursing ended with a \$2.1M favorable variance to budget. Growth of research funding (up 20% from Fiscal Year 2019) offset some increased instructional costs. Spending on non-personnel was reduced in Fiscal Year 2020, particularly in the final quarter due to the COVID-19 pandemic.

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

For Fiscal Year 2020, the clinical enterprise (UPG) produced an operating surplus of \$0.6M, which was \$8.7M favorable to budget and \$2.1M favorable to prior year. The favorable budget variance is primarily driven by strong patient care volumes in the first half of the year, successful financial mitigation efforts (reductions in personnel expense accomplished through furloughs and temporary compensation reductions), and \$10.1M in Federal CARES Act funding. The financial results also include an estimated \$0.8M reduction in patient revenue after implementation of a charity care program in January, as well as \$2.7M in indigent care funding from reconciliation of a prior year. The operating surplus includes an unbudgeted one-time \$1.5M transfer of funds to the SOM for market returns earned on the Academic Advancement Fund, which is included in the \$31.8M total investment in the academic mission. UPG's operating income prior to transfers was \$32.4M, and operating income after investment in the academic mission was \$0.6M.

### **UVA Medical Center**

For Fiscal Year 2020, the operating income for all business units was \$10.8M, resulting in a 0.6% operating margin. Operating income was unfavorable to budget by \$67.0M driven primarily by the COVID-19 volume disruption. The all payer case mix was 2.20 and exceeded budget by 5.2%. The operating margin for the consolidated Medical



Center is supported by imaging, dialysis, the Transitional Care Hospital (TCH), home health, and the management of shared services expenses, which have all been negatively impacted by the pandemic. Fiscal Year to date June 30, 2020, the Medical Center generated \$86.2M in cash from operations (EBITDA) after transfers and cash reserves totaled 262 days, which was bolstered by Federal Loan funds of \$193M. Excluding this \$193M, which is expected to be repaid by January 2021, cash reserves totaled 218 days. Total expenses adjusted for volume and acuity were 5.9% greater than budget.

Total paid employees for all business units, including contracted employees, were 51 under 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 105 nurse travelers.

	<b><u>FY2020</u></b>	<b><u>2020 Budget</u></b>
Employee FTEs	8,639	8,777
Contract Labor FTEs	245	158
Salary, Wage and Benefit Cost / FTE	\$87,711	\$88,718
Total FTEs	8,884	8,935

### **Transitional Care Hospital**

For the Fiscal Year ended June 30, 2020, the operating loss for the TCH was \$4.9M, yielding an unfavorable budget variance of \$2.4M. This variance was primarily attributable to a changed mission for TCH compared to earlier periods. 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 payer mix. TCH admitted 252 patients in Fiscal Year 2020 and 94% of those were from the Medical Center. TCH discharged 270 patients during this same year.

Through cost savings generated by caring for patients in a lower cost setting, TCH provided a \$2.1M benefit to the system in addition to freeing up beds at the Medical Center. Many of these patients had long lengths of stay due to their chronic needs and lack of resources required to access other levels of care.

**University of Virginia Medical Center  
Income Statement**

(Dollars in Millions)

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-18	Jun-19	Jun-20	Jun-20
Net patient revenue	\$1,641.6	\$1,719.1	\$1,687.5	\$1,786.7
Other revenue	<u>53.6</u>	<u>63.8</u>	<u>58.4</u>	<u>51.2</u>
Total operating revenue	<u>\$1,695.2</u>	<u>\$1,782.9</u>	<u>\$1,745.9</u>	<u>\$1,837.9</u>
Operating expenses	1,502.1	1,566.7	1,601.0	1,633.5
Depreciation	98.7	102.4	115.9	108.2
Interest expense	<u>20.3</u>	<u>19.4</u>	<u>18.3</u>	<u>18.4</u>
Total operating expenses	<u>\$1,621.0</u>	<u>\$1,688.5</u>	<u>\$1,735.1</u>	<u>\$1,760.2</u>
Operating income (loss)	<u>\$74.1</u>	<u>\$94.4</u>	<u>\$10.8</u>	<u>\$77.7</u>
Non-operating income (loss)	<u>\$4.4</u>	<u>\$20.4</u>	<u>\$34.6</u>	<u>(\$65.2)</u>
Net income (loss)	<u>\$78.5</u>	<u>\$114.8</u>	<u>\$45.4</u>	<u>\$12.6</u>
Principal payment	\$20.5	\$21.6	\$21.7	\$21.7

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

Description	Most Recent Three Fiscal Years		
	Jun-18	Jun-19	Jun-20
<b>Assets</b>			
Operating cash and investments	\$21.8	\$121.3	\$302.6
Patient accounts receivables	240.2	244.3	240.9
Property, plant and equipment	1,152.5	1,263.6	1,372.2
Depreciation reserve and other investments	547.5	472.6	430.3
Endowment Funds	659.1	683.4	676.5
Other assets	<u>254.8</u>	<u>269.4</u>	<u>276.2</u>
<b>Total Assets</b>	<b><u>\$2,875.9</u></b>	<b><u>\$3,054.6</u></b>	<b><u>\$3,298.8</u></b>
<b>Liabilities</b>			
Current portion long-term debt	\$27.9	\$27.3	\$27.3
Accounts payable & other liab	144.7	154.5	168.5
Long-term debt	773.0	755.6	741.2
Accrued leave and other LT liab	<u>274.7</u>	<u>408.5</u>	<u>607.9</u>
<b>Total Liabilities</b>	<b><u>\$1,220.3</u></b>	<b><u>\$1,345.9</u></b>	<b><u>\$1,544.8</u></b>
<b>Fund Balance</b>	<b><u>\$1,655.6</u></b>	<b><u>\$1,708.7</u></b>	<b><u>\$1,753.9</u></b>
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$2,875.9</u></b>	<b><u>\$3,054.6</u></b>	<b><u>\$3,298.8</u></b>

**University of Virginia Medical Center**

**Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-18	Jun-19	Jun-20	Jun-20
Operating margin (%)	4.4%	5.3%	0.6%	4.2%
Current ratio (x)	1.5	2.0	2.8	2.0
Days cash on hand (days)	156	225	262	190
Gross accounts receivable (days)	50.1	51.2	57.5	50.0
Annual debt service coverage (x)	4.8	5.8	4.5	3.6
Debt-to-capitalization (%)	34.1%	32.9%	31.7%	34.0%
Capital expense (%)	7.3%	7.2%	7.7%	7.2%

**University of Virginia Medical Center**

**Operating Statistics**

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-18	Jun-19	Jun-20	Jun-20
Acute Discharges	29,104	29,157	26,396	30,265
Patient days	190,454	190,367	184,676	192,932
Observation Billed Encounters - MC only	4,399	5,184	5,005	5,037
All Payor CMI Adj Avg Length of Stay - MC only	3.04	3.01	3.05	2.93
OP Billed Encounters	773,494	804,549	732,984	825,642
ER Billed Encounters	44,276	43,709	40,681	45,542
All Payor CMI - MC Only	2.09	2.10	2.20	2.09
Average beds available				
FTE's (including contract labor)	8,623	8,806	8,884	8,935

University of Virginia Medical Center  
**SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES**  
Fiscal Year to Date June 30, 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	26,126	29,913	(12.7%)	28,838	Inpatient Days - MC	175,413	183,392	(4.4%)	181,164
Transitional Care	270	352	(23.3%)	319	All Payor CMI Adjusted ALOS - MC	3.05	2.93	(3.9%)	3.01
Subtotal	26,396	30,265	(12.8%)	29,157	Average Daily Census - MC	479	501	(4.4%)	496
Observation Billed Encounters	5,005	5,037	(0.6%)	5,184	Births	1,953	1,951	0.1%	1,929
Total Discharges & OBS Billed Encounters	31,401	35,302	(11.1%)	34,341	<b>OUTPATIENT BILLED ENCOUNTERS:</b>				
Adjusted Discharges	58,646	66,197	(11.4%)	63,902	Medical Center	732,984	825,642	(11.2%)	804,549
					Average per Clinic Day	2,880	3,244	(11.2%)	3,186
					Emergency Room - MC	40,681	45,542	(10.7%)	43,709
<b>CASE MIX INDEX:</b>					<b>SURGICAL CASES</b>				
All Payor CMI - UVA Hosp & Clinics	2.20	2.09	5.2%	2.10	UVA Main Hospital Operating Room	17,327	18,585	(6.8%)	18,171
Medicare CMI - UVA Hosp & Clinics	2.37	2.20	7.6%	2.21	Battle	11,782	13,239	(11.0%)	12,909
					Total	29,109	31,824	(8.5%)	31,080

**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	1,687,496	1,786,734	(5.6%)	1,719,128	Medicare	\$ 482,384	\$ 515,896	(6.5%)	\$ 491,954
Other Operating Revenue	58,374	51,162	14.1%	63,787	Medicaid	333,205	356,147	(6.4%)	350,412
Total	\$ 1,745,870	\$ 1,837,896	(5.0%)	\$ 1,782,915	Commercial Insurance	243,448	266,710	(8.7%)	268,874
					Anthem	363,930	380,266	(4.3%)	358,633
					Aetna	121,866	137,377	(11.3%)	117,923
					Other	142,663	130,339	9.5%	131,332
					Total Paying Patient Revenue	\$ 1,687,496	\$ 1,786,734	(5.6%)	\$ 1,719,128
<b>EXPENSES:</b>					<b>OTHER:</b>				
Salaries, Wages & Contract Labor	\$ 785,751	\$ 796,882	1.4%	\$ 769,679	Collection % of Gross Billings	27.99%	27.87%	0.4%	28.79%
Supplies	458,619	469,139	2.2%	451,452	Days of Revenue in Receivables (Gross)	57.5	50.0	(15.0%)	51.2
Contracts & Purchased Services	356,580	367,489	3.0%	345,550	Cost per CMI Adjusted Admission	\$ 13,608	\$ 12,797	(6.3%)	\$ 12,641
Depreciation	115,887	108,210	(7.1%)	102,444	Total F.T.E.'s (including Contract Labor)	8,884	8,935	0.6%	8,806
Interest Expense	18,267	18,435	0.9%	19,396	F.T.E.'s Per CMI Adjusted Admission	25.36	23.78	(6.6%)	24.06
Total	\$ 1,735,104	\$ 1,760,154	1.4%	\$ 1,688,521					
Operating Income	\$ 10,766	\$ 77,742	(86.2%)	\$ 94,394					
Operating Margin %	0.6%	4.2%		5.3%					

**University of Virginia Medical Center**

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

**Fiscal Year to Date June 30, 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:** September 10, 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 recast budget, which has been updated from the pre-COVID-19 budget that was presented in June 2020.

**DISCUSSION:** For Fiscal Year 2021, the Health System is budgeting at break even as described below.

	Operating Income			Operating Margin		
	FY20A			FY20A		
	FY19A	as of Aug 10	FY21B	FY19A	as of Aug 10	FY21B
UVA Hospital, Clinics, Subs & Joint Ventures	136.8	37.2	100.3			
Shared Services	(42.4)	(26.4)	(35.3)			
<b>Medical Center</b>	<b>94.4</b>	<b>10.8</b>	<b>65.0</b>	<b>5.3%</b>	<b>0.6%</b>	<b>3.4%</b>
Clinical Operations	(1.5)	32.4	16.9			
Support of Academic Mission	-	(31.8)	(33.0)			
<b>Physician Group</b>	<b>(1.5)</b>	<b>0.6</b>	<b>(16.1)</b>	<b>-0.3%</b>	<b>0.1%</b>	<b>-3.1%</b>
Academic Recurring Operations	11.2	19.6	4.9			
Strategic Investment from Reserves	(26.2)	(23.6)	(24.1)			
One Time Transfers	2.9	10.9	2.4			
<b>School of Medicine</b>	<b>(12.1)</b>	<b>6.9</b>	<b>(16.8)</b>	<b>-2.7%</b>	<b>1.4%</b>	<b>-3.4%</b>
<b>School of Nursing</b>	<b>(0.5)</b>	<b>0.3</b>	<b>-</b>	<b>-1.9%</b>	<b>0.9%</b>	<b>0.0%</b>
<b>Library - Health System</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(2.2)</b>	<b>-0.2%</b>	<b>-2.8%</b>	<b>-38.5%</b>
Health System Support/Transfers	(39.5)	(58.7)	(43.9)			
Health System Financial Improvements			14.0			
<b>Consolidated Health System</b>	<b>40.8</b>	<b>(38.9)</b>	<b>-</b>	<b>1.6%</b>	<b>-1.5%</b>	<b>0.0%</b>

**OPERATING PLAN:** The rapidly changing healthcare environment will require a more robust planning process going forward and plans for managing the finances through a more real-time rolling forecast is underway. 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, optimization of new emergency department and procedural areas, existing operating rooms, transfer protocols and re-design of the service lines.
- Maintaining high inpatient acuity (case mix index) and improving length of stay.
- Containing costs and gaining efficiencies, serving as both the community safety net and a regional tertiary quaternary health system.
- Continued focus on team member/patient safety and quality outcomes improvement.
- Execution of value management plan, with specific focus on medical supply and pharmaceutical utilization and clinical variation.
- Integrate and optimize Revenue Cycle and Information Technology.
- Advancement of ambulatory optimization work, including the continued implementation of patient-centered centralized scheduling.
- Sustained success in recruiting permanent registered nurses and technicians, and reducing our reliance on contract/traveler nurse staffing to meet patient care needs.
- Maintaining and growing a superior workforce in an environment where workforce shortages are projected.
- Continued development of the Specialty Pharmacy and Contract Pharmacy programs.
- 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. Medicaid regulations, 340b, GME, IME, and facilities fees).
- Continued increase in consumerism; pressure on cost of care and price transparency, specifically for commodity services.

### **School of Medicine**

The School of Medicine budgeted operating margin after transfers is (\$16.8M). The transfers include support for operating expenses, mainly for research, which would not occur if there were no support. It is important to note that the 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 primarily in research and education. 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 \$4.9M.

In line with the direction from the University leadership, the budget reflects reductions in Provost support and central cost allocations, as well as 15% reduction in state-funded projects. No salary increases are budgeted for faculty and staff with the exception of increases for faculty with anticipated rank and tenure promotions.

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 in 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 4.0% over the Fiscal Year 2020 actuals. The split between National Institutes of Health (NIH) and non-NIH grants is expected to remain at the current 60/40 ratio. A higher growth rate of 5.7% is projected for the Indirect Cost Recovery revenue, reflecting a growth in the research spending and a higher effective Facilities and Administrative (F&A) rate.

Total capital spending for the School's mission is budgeted at \$20.4 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 \$11.5M 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. 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 \$16.9M and (\$16.1M), respectively. This reflects increases to patient care volumes through local and regional growth, dampened in the first six months to incorporate current expectations related to COVID-19. The budget also reflects close

management of operating costs, including a hold on all merit and market compensation increases for faculty and staff (in response to the directive from President Ryan) while supporting physician satisfaction to mitigate provider burnout.

The Fiscal Year 2021 budget includes an 11% increase in patient care volumes over Fiscal Year 2020, and total expenses before support of the academic mission are expected to increase 10.5% over Fiscal Year 2020. Double digit increases in both revenue and expenses are a result of very low volumes in the last quarter of Fiscal Year 2020 due to COVID-19, coupled with significant cost mitigation efforts during the same period.

The Fiscal Year 2021 budget includes an optimistic assumption for onboarding clinicians, all of which will require leadership approval before moving forward. Additionally, expenses for the defined benefit faculty pension plans are projected to increase in Fiscal Year 2021 as a result of underlying economic conditions, even though 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 \$33.1M. Capital spend is budgeted conservatively at \$2.3M in Fiscal Year 2021, focusing on maintenance and replacements to facilitate operations.

### **Medical Center**

The Fiscal Year 2021 budget includes projected impacts to core volumes, patient acuity, and return to a “new normal” of clinical operations for the next fiscal year.

**Market Conditions:** For Fiscal Year 2021, discharges are budgeted to grow 11.8% from Fiscal Year 2020 levels. This includes expectations of recovering to normal conditions from the COVID-19 impact. 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 will provide additional capacity for discharges, resulting in an average daily census of 535, +56 higher than Fiscal Year 2020 levels.

Outpatient services are expected to recover and grow by 14.6% from Fiscal Year 2020 levels. The following table includes historical and projected patient volumes:

	<u>Actual FY 2019</u>	<u>Actual FY 2020</u>	<u>Budget FY 2021</u>
Discharges Medical Center	28,838	26,126	29,200
Discharges Transitional Care	319	270	320
Adjusted Discharges	63,902	58,646	64,596
Average length of stay MC	6.33	6.70	6.68
ALOS Transitional Care Hosp.	28.96	29.70	30.27
Outpatient Encounters - MC	804,549	732,984	839,893

**Revenues:** Fiscal Year 2021 budgeted revenue is \$1.9B, 8.4% above Fiscal Year 2020 revenue. Growth in revenues into Fiscal Year 2021 will result from rate increases in commercial contracts, recovery from COVID-19 impacts, an uptick in volumes due to increased inpatient capacity from new hospital expansion inpatient units, and continued high case mix index (CMI) of 2.19, which has been realized during Fiscal Year 2020.

Medical Center outpatient surgical volumes are expected to increase 12.4% partially due to recovering from the COVID-19 shutdown of elective cases. Otherwise, growth from 'normal' conditions would have yielded a more limited 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 8.1%, as operating room floor renovations will occur throughout the course of the fiscal year, taking an equivalent of two rooms offline. Current operating room throughput is constrained by Post-Anesthesia Care Unit (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.

**Expenses:** Expenses from operations are projected to increase by \$92.1M from Fiscal Year 2020, a 5.3% increase. This represents a 4.4% decrease when adjusting for volume and patient acuity (due to COVID). About \$25M is related to new operating expense to enable hospital expansion in South Tower inpatient units.

Fiscal Year 2021 includes \$33.0M in value management targets associated with continuous improvement activities to reform the Medical Center's cost structure. This includes revenue enhancement activities, labor expense reduction, and non-labor expense reductions based on clinical utilization and/or contractual enhancements through the group purchasing organization.

Previous capital investments will result in net depreciation expense of \$129.8M 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. Full-time equivalents (FTEs) are planned at 9,384, an increase of 500 FTEs (5.6%) from the current Fiscal Year of 8,884 FTEs.

Based on financial mitigations actions and in agreement with the Health System overall plans, there are no planned compensation increases for market or merit. Clinical ladder and additional living wage actions remain within Fiscal Year 2021 budget at \$2.5M combined which includes the impact on benefits.

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

(Millions)	<b>Actual FY 2019</b>	<b>Actual FY 2020</b>	<b>Budgeted FY 2021</b>
Total operating revenue	\$1,783	\$1,746	\$1,892
Operating expense	<u>1,689</u>	<u>1,735</u>	<u>1,827</u>
Operating income	94	11	65
Transfers to SOM*	<u>(39)</u>	<u>(59)</u>	<u>(44)</u>
Total Income after transfers	\$55	(\$48)	\$21
Operating margin	5.3%	0.6%	3.4%
EBITDA**	\$177	\$86	\$170

\* 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, amortization, and after transfers.

**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 \$141.6M be authorized for Fiscal Year 2021 capital requirements. Request per enterprise: Medical Center \$125.6M, School of Medicine \$12.7M (with an additional \$13.9M funded from external sources), School of Nursing \$1.0M (with all funded from external sources), and UPG \$2.3M.

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

**2020-2021 REVISED OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER AND THE UNIVERSITY OF VIRGINIA TRANSITIONAL CARE HOSPITAL**

RESOLVED, the 2020-2021 \$1.8 billion revised operating and the \$126 million capital budgets for the University of Virginia Medical Center, inclusive of the University of

Virginia Transitional Care Hospital, are approved as recommended by the President, the Executive Vice President for Health Affairs, the Chief Operating Officer, and the Health System Board.

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

	FY2019 Actual	FY2020 Actual	FY2021 Budget
<b>Revenues</b>			
Total Gross Charges	\$ 5,971,798,998	\$ 6,028,385,299	\$ 6,815,258,038
Less Deductions:			
Indigent Care Deduction	282,550,144	167,885,011	185,931,150
Bad Debt	88,623,485	109,735,464	82,982,849
Contractual Deduction	3,881,497,144	4,042,361,233	4,696,602,137
Charity Care	-	20,907,512	10,162,410
Total Deductions	4,252,670,773	4,340,889,220	4,975,678,547
Net Patient Revenue	1,719,128,225	1,687,496,079	1,839,579,491
Miscellaneous Revenue	63,786,782	58,373,774	52,662,202
<b>Total Operating Revenues</b>	<b>1,782,915,006</b>	<b>1,745,869,853</b>	<b>1,892,241,693</b>
<b>Expenses</b>			
Expenses from Operations			
Operating Expenses	1,566,680,746	1,600,950,459	1,678,829,811
Depreciation and Amortization	102,443,877	115,886,829	129,775,513
Interest Expense	19,396,460	18,266,938	18,633,173
<b>Total Operating Expenses</b>	<b>1,688,521,083</b>	<b>1,735,104,226</b>	<b>1,827,238,497</b>
<b>Operating Income</b>	<b>94,393,923</b>	<b>10,765,627</b>	<b>65,003,196</b>
Non-Operating Expense Transfers *	(39,463,201)	(58,737,907)	(43,910,752)
<b>Net Income After Transfers</b>	<b>\$ 54,930,722</b>	<b>\$ (47,972,280)</b>	<b>\$ 21,092,444</b>
<b>Statistics</b>			
Discharges - Medical Center	28,838	26,126	29,200
Discharges - Transitional Care Hospital	319	270	320
Outpatient Encounters	804,549	732,984	839,893
Emergency Room Billed Encounters	43,709	40,681	48,943
Average Length of Stay - Medical Center	6.33	6.70	6.68
Average Length of Stay - Transitional Care Hospital	28.96	32.15	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 Actual	FY2020 Budget	FY2019 Actual
<b>Operating Revenues</b>				
Total Gross Charges	\$6,815,258	\$6,028,385	\$6,410,425	\$5,971,799
Less Deductions:				
Indigent Care Deduction	185,931	167,885	220,250	282,550
Bad Debt	82,983	109,735	97,200	88,623
Contractual Deduction	4,696,602	4,042,361	4,306,241	3,881,497
Charity Care	10,162	20,908	-	-
Total Deductions	4,975,678	4,340,889	4,623,691	4,252,671
Net Patient Revenue	1,839,580	1,687,496	1,786,734	1,719,128
Miscellaneous Revenue	52,662	58,374	51,162	63,787
<b>Total Operating Revenues</b>	<b>1,892,242</b>	<b>1,745,870</b>	<b>1,837,896</b>	<b>1,782,915</b>
<b>Operating Expenses</b>				
Compensation and Benefits	823,101	785,751	796,882	769,679
Supplies, Utilities, and Other	855,729	815,199	836,627	797,002
Depreciation and Amortization	129,776	115,887	108,210	102,444
Interest Expense	18,633	18,267	18,435	19,396
<b>Total Operating Expenses</b>	<b>1,827,239</b>	<b>1,735,104</b>	<b>1,760,154</b>	<b>1,688,521</b>
<b>Operating Income</b>	<b>65,003</b>	<b>10,766</b>	<b>77,742</b>	<b>94,394</b>
<b>Operating Margin</b>	<b>3.4%</b>	<b>0.6%</b>	<b>4.2%</b>	<b>5.3%</b>
Non-Operating Expense Transfers*	(43,911)	(58,738)	(53,386)	(39,463)
Net Income After Transfers	21,092	(47,972)	24,356	54,931
Add back Depreciation and Amortization	129,776	115,887	108,210	102,444
Less Principal Payments on Debt	(23,151)	(21,700)	(21,700)	(21,600)
Add Non-Operating Gains and Transfers	(4,258)	93,369	(11,771)	59,849
Cash Available for Capital and Other	123,459	139,584	99,095	195,623
Capital Funded from Operations	(88,639)	(106,553)	(120,923)	(67,966)
<b>Additions to Cash and Reserves</b>	<b>\$34,820</b>	<b>\$33,031</b>	<b>(\$21,828)</b>	<b>\$127,657</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:** September 10, 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 2021 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 Readmission, and Clostridium Difficile infections achieved their targets for Fiscal Year 2020. Performance for Hospital Associated Pressure Ulcers, while below the target, were better than the previous year. The Mortality Index finished below 1.00, a performance level between the Vizient median and top quartile. Deep Vein Thrombosis Pulmonary Embolisms and Central Line Associated Blood Stream Infections showed year-over-year performance declines.

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

Team member injuries for Fiscal Year 2020, as measured by the Total Case Injury Rate, declined from the previous year, with 42 fewer injuries occurring even though total hours worked increased by more than 200,000.

Work continues to improve team member engagement. The Press Ganey “pulse” survey has been delayed from the fall until the spring 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%. The Fiscal Year 2020 performance management process was modified in response to the pandemic, and includes a streamlined process and a deadline extension to ensure that those on furlough had more time to complete. Annual retraining also kicked off as normal, but includes an extended deadline.



Medical Center Recruitment has hired 192 new registered nurses (RNs) since June 1, 2020. Of these 192 hires, 70 Experienced RNs and 20 Clinician 1s have already begun their employment as of August 7. An additional 112 RNs have formally accepted offers and will be onboarded by the Medical Center within the next several months. Of these 112, 50 are Experienced RNs and the remaining 62 are Clinician 1s.

To support an aggressive, targeted campaign to recruit RNs, the Medical Center implemented an enhanced Employee RN Referral Program which launched on July 1. This program will pay up to \$7,500.00 to employees who refer an experienced RN (3+ years of experience) and up to \$10,000.00 to each newly hired RN. These Enhanced Referral options are limited to the first 50 RNs hired meeting the program's requirements. Payouts will begin in early November for those new hires who have successfully completed their first 90 days of employment.

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

Inpatient experience as defined by the overall hospital rating of 9s and 10s for Fiscal Year 2020 is 79.0% (78<sup>th</sup> percentile), over prior fiscal year (77.8%) but under target (79.7%). Fiscal Year 2020 is the 5<sup>th</sup> consecutive year of year-over-year growth. Inpatient teams focused on consistent use of the Inpatient Experience Bundle (Comfort Rounds, Handover of Care, Quiet at Night, and Leader Rounds). There was a notable increase in results in April and May during the early months of the pandemic. This is consistent with what many other systems have experienced as patients and their families were very thankful and appreciative for the care provided by frontline care givers.

Outpatient clinic patient experience results defined as the "willingness to recommend provider's office" for Fiscal Year 2020 is 93.6% (71<sup>st</sup> percentile), just below target (93.7%) and above prior fiscal year (93.3%). Ambulatory Optimization supported by service line and clinic level improvement efforts drove this improvement.

Emergency Department patient experience score for Fiscal Year 2020 is 84.0 (24<sup>th</sup> percentile) and is slightly above prior fiscal year (82.8) and below target (86.5). Although the score for Fiscal Year 2020 exceeds 2019, the percentile is lower as emergency departments in the database improved at a greater rate than we did. The Emergency Department also experienced strong March, April, and May performances during the early months of the pandemic.

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

The Virginia Department of Health performed a successful initial inspection of the Culpeper Outpatient Dialysis Center. They also approved peritoneal dialysis services at the Staunton Outpatient Dialysis Center.

The American Society of Health System Pharmacists performed a successful initial review of the new Emergency Medicine Pharmacy Residency program.

The American Society of Histocompatibility and Immunogenetics completed a successful routine review of transplant program laboratories.

The Extracorporeal Life Support Organization rewarded the UVA program with the Platinum Level Center of Excellence award, the international group's highest honor for severely injured heart and lung care.

The Centers for Disease Control Breastfeeding program earned excellent scores for their support of breastfeeding in a nationwide survey of hospitals. UVA received 91 out of 100 on the Maternity Practices in Infant Nutrition and Care survey, far exceeding the state and national average.

*U.S. News and World Report's "Best Children's Hospital Guide" 2020-2021* ranked five UVA Children's specialties among the top 50. The five ranked specialties are: Pediatric cardiology and heart surgery (37<sup>th</sup>), Pediatric diabetes and endocrinology (tied for 40<sup>th</sup>), Pediatric orthopedics (43<sup>rd</sup>), Pediatric urology (43<sup>rd</sup>), and Neonatology (49<sup>th</sup>).

*U.S. News and World Report Guide 2020-2021* ranked UVA Medical Center as the #1 hospital in Virginia for the 5<sup>th</sup> consecutive year. Eight specialties are ranked among the best in the nation. Two specialties are in the top 50 in the nation: Gynecology (tied for 41<sup>st</sup>), Ear, Nose, and Throat (42<sup>nd</sup>). Six specialties are rated "high performing" (ranking them among the top 10% nationally) including Cancer, Orthopedics, Gastroenterology and GI Surgery, Pulmonology and Lung Surgery, Nephrology, and Urology.

*Newsweek* named UVA Women's Services and UVA Children's to its Best Maternity Hospital's 2020 list. Hospitals named to the list had to meet standards developed by an expert panel together with The Leapfrog Group, an independent nonprofit that monitors the quality and safety of hospitals.

*Becker's Hospital Review* (a national healthcare publication) named UVA Medical Center to its 2020 list of "100 Great Hospitals in America". Hospitals are recognized for innovation, patient care, and patient outcomes.

Emory Global Health Institute recognized two UVA physicians as one of the top five entries in the institute's COVID-19 Children's eBook Competition for their book "We're going to be O.K."

CMS recently updated its Hospital Compare website with new Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) summary star ratings for 3,504 hospitals.

CMS' summary star rating scores hospitals on a one-to-five-star scale based on the 11 publicly reported measures in HCAHPS survey, which assesses patient experience. The latest update is based on HCAHPS survey data collected between October 1, 2015 and September 30, 2016.

UVA received 4/5 stars and an overall Hospital Patient Experience rating of 4/5. Areas of excellence include: Nurse and Doctor Communication, the provision of understandable Discharge Information, Optimal Care Transitions, and Patient Willingness to Recommend UVA to friends and family.

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

**BOARD MEETING:** September 10, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** III. School of Medicine Report

**ACTION REQUIRED:** None

**BACKGROUND:** The UVA School of Medicine provides a report on significant educational and research activity within the School.

**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**

Dr. Randolph Canterbury, Senior Associate Dean for Education, served on a national task force of the Association of American Medical Colleges that was charged with establishing guidelines for how medical students could return to the clinical environment. The task force, which was composed of medical education senior leadership, developed criteria for the conditions that would allow students to return, established standards to help ensure the health and safety of students, and determined the circumstances under which a school would need to revert to virtual learning.

Pre-clerkship and clerkship students returned in June for clinical activities, and the first- and second-year students returned at the beginning of August. With ongoing monitoring and adherence to safety measures, we anticipate maintaining a safe learning environment. Should the need arise, however, we are prepared to return to online learning immediately.

**Research**

In June, the School of Medicine began reopening research laboratories under strict protocols that were developed in conjunction with the Office of the Vice President for Research. Nearly all graduate students, post-doctoral students, and staff who do their work on site have returned to the more than 230 laboratories that are now active. New graduate students have matriculated, and they are able to do some work in laboratories this

semester, which has required approval of individual lab safety plans for disinfection and distancing, safety training, and obtaining personal protective equipment for all personnel, including mandatory wearing of face coverings. Volunteers are not permitted in the laboratories at this time. Clinical research began ramping up June 1, and all clinical research resumed, with appropriate safety guidelines, by July 1.

Even with all of its challenges, the past year has been a successful one for the School of Medicine, which saw a new high of \$236M in total funding to end the fiscal year, including \$143M from NIH. This is the fifth year of overall growth in funding and the third consecutive year of a new high in total grant funding. We have received \$21.7M (\$14.6M NIH) in awards through this early part of the fiscal year (July 1 through August 10).

During the past few months, the School participated in the important NIH trial testing the anti-viral drug remdesivir in patients with COVID-19; this drug has now been approved for emergency use in these patients to help shorten time to recovery. In addition, a new clinical trial treating COVID-19 patients with convalescent serum has been launched, and teams of School of Medicine faculty investigating aspects of COVID-19 ranging from basic structure and biology to sensitive detection methods to new potential treatments and vaccines received eight awards from the Manning Foundation and 14 awards from the Ivy Foundation to pursue their work.

### **Department Leadership**

Peggy P. McNaull, M.D., was appointed chair of the Department of Anesthesiology, effective December 1, 2020. Dr. McNaull is currently at the University of North Carolina where she is the Vice Chair for Patient Safety and Quality Improvement for the Department of Anesthesiology. She oversaw the development of the department's opioid stewardship and enhanced recovery programs, the success of which led to their selection as the flagship program for a new system-wide care redesign effort that is being spread to the other 10 hospitals in the system. She also serves as Associate Chief Medical Officer (ACMO) for Quality and Safety for the UNC Hospital system.

Dr. McNaull has a national reputation in pediatric anesthesiology and is a member of the Board of Directors for the Society for Pediatric Anesthesia, where she co-chairs a task force charged with re-envisioning the future of the Pediatric Anesthesiology ACGME program. She is an oral board examiner and senior question editor for the advanced certification exam with the American Board of Anesthesiology, where she was recently promoted by the board of directors to serve on the Advanced Exam Committee.

The search for a new chair of the Department of Neuroscience is underway. The opportunity has generated national interest with the result that we have a diverse pool of outstanding candidates.

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

**BOARD MEETING:** September 10, 2020

**COMMITTEE:** Health System Board

**AGENDA ITEM:** IV.A. Overview of the School of Nursing

**ACTION REQUIRED:** None

**BACKGROUND:** Dr. Pamela Cipriano, Dean of the School of Nursing, will provide an overview of the School of Nursing including recent performance and response to COVID-19.

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

<b><u>BOARD MEETING:</u></b>	September 10, 2020
<b><u>COMMITTEE:</u></b>	Health System Board
<b><u>AGENDA ITEM:</u></b>	IV.B. School of Nursing Report
<b><u>ACTION REQUIRED:</u></b>	None

**BACKGROUND:** Pamela Cipriano was appointed as Dean and the Sadie Heath Cabaniss Professor at the School of Nursing in August, 2019. Two-term president of the American Nurses Association (2014-2018), representing the interests of the nation’s four million registered nurses, she was formerly the chief nursing officer at UVA Health who led the hospital to its first Magnet designation in 2006. Dean Cipriano is currently the first vice-president of the International Council of Nurses, an advocate for strengthening nursing’s influence on healthcare policy, and a leader in the effort to advance the roles and visibility of nurses.

**DISCUSSION:**

**Overview**

UVA’s School of Nursing’s 833 students (444 undergraduate and 389 graduate students) are bright, passionate, and diverse. In 2020, 267 graduates (99 baccalaureate and 168 graduate degrees) earned degrees from the School, and for 2021, 125 BSN students are on track to graduate, a figure that includes 92 traditional and 33 RN to BSNs. In a typical year, roughly one-fifth of BSN graduates are first-generation college attendees.

At our last official census, the majority (84%) of our students were Virginians, many were underrepresented minorities (28%), and many were men (13%), though diversity varies by program. Men made up 9% of undergraduates, 22% of Clinical Nurse Leader (CNL) students, and 16% of Master of Nursing (MSN), Doctor of Nursing Practice (DNP), and Ph.D. students.

The faculty includes 50 full-time professors, 28% of whom are under-represented minorities and men, 36% of whom are fellows in national academies, and 28% of whom are Fellows in the American Academy of Nursing, the profession’s highest honor.

The School’s programs include:

- A Bachelor of Science in Nursing degree (BSN)
- A Master of Science in Nursing (MSN) and certificates are available in seven specialty areas: *Adult-Gerontology Acute Care Nurse Practitioner, Adult-*

- Gerontology Acute Care Clinical Nurse Specialist, Neonatal Nurse Practitioner, Pediatric-Acute Care Nurse Practitioner, Family Nurse Practitioner, Pediatric Primary Care Nurse Practitioner, Psychiatric/Mental Health Nurse Practitioner*
- A Doctor of Nursing Practice (DNP)
  - A Doctor of Philosophy in Nursing (Ph.D.)

## **Rankings**

UVA School of Nursing is ranked among the top 3% of graduate nursing programs nationally and remains Virginia's only nursing program ranked among the nation's top 15. The School is home to other well-regarded specialty programs, including a #1-in-the-nation Clinical Nurse Leader program, a fast-track to nursing master's degree for individuals from outside the profession; a #10 Doctor of Nursing Practice-Family Nurse Practitioner program, the terminal clinical degree; and a #17 Doctor of Nursing Practice degree. Among our master's and specialty certificate programs, we are ranked #15 in the nation, and #8 among public universities (*US News & World Report's Best Graduate Schools, 2021*).

## **Research**

Fiscal Year 2021, research faculty earned \$1.9M in funding, and submissions for additional funding have been robust. Last academic year, nursing faculty had a 33% success rate for both internal and external grants.

Funded investigations underway include work to create a novel decision tool for patients with advanced prostate cancer (the NIH-funded work of Professor Randy Jones); a study to document strangulation injuries experienced by victims of intimate partner violence, and their permanent impact on the brain (the U.S. Department of Justice-funded work of Professor Kathryn Laughon); an analysis of the pathway of pediatric sepsis (with Betty Irene Moore Foundation funding); an analysis of how best to distribute scarce drugs and supplies (the National Science Foundation-funded work of Professor Jessica Keim-Malpass); and a descriptive study of the needs of those caring for loved ones with end-stage kidney cancer and cognitive impairment (the Commonwealth of Virginia's Alzheimer's and Related Diseases Research funded work of Professors Maureen Metzger and Ishan Williams).

## **Philanthropy**

Forty percent of nursing undergraduates and more than half (54%) of nursing graduate students received scholarship support last academic year. In all, more than \$3M was distributed to students: \$1,456,000 to undergraduates; \$1,558,000 to graduate students.

Two gifts to the School totaling \$10M (in 2013 and 2017) doubled the size of the Clinical Nurse Leader master's program and established the Conway Scholars program which supports 20 Virginians annually with more than \$500K in scholarships. A third \$5M



gift in 2018 broadened scholarship support across all of the School's undergraduate and graduate programs through 2023.

A \$20M gift to the School in early 2020 further expanded baccalaureate education, allowing the RN to BSN program to expand to a site in Richmond and, in 2021, Northern Virginia. The number of transfer students will also expand with support for additional faculty. The gift will also enable a dramatic expansion of the School's clinical simulation learning center, a \$2M capital project that began in summer 2020.

### **Responding to COVID**

In the months after COVID shuttered the University, the School ceased clinical rotations and practicum for pre-licensure students. Nursing faculty and staff responded to the imperative need to ensure students' physical and emotional wellbeing, transitioned their teaching to online, and shaped and adapted clinical learning for virtual environments.

Faculty created live, virtual simulations that connected professors in the simulation lab with students at home, and explored the many ways simulation software—which had not been used prior to the pandemic, given the School's reliance on in-person learning—could be used to augment students' skills and knowledge. They created original practice tests for the nursing board exam and taught assessment skills to students virtually, after mailing them tools with which to practice. Faculty engaged students by creating call and response assignments, assigning group work, and relying on discussions to create connected online communities. For students who had completed large projects, such as Distinguished Majors or capstones, faculty and staff took time to virtually celebrate their hard work, persistence, and grit.

Many didactic courses became nimble in format and topic, and in some cases, entire classes, such as Ethics, a graduate course, reoriented to focus on pandemic science. Using coronavirus as a teaching tool, nursing professors assigned students creative writing and critical thinking scenarios, used podcasts, videos, and storytelling, and invited frontline clinicians to speak to students in their Zoom classes about their experiences.

Our community's connectivity—what the School is known for—has remained strong. Faculty and staff constantly checked in with students during class, office hours, and community meetings, as well as informally by phone, email, and text to quell their worries, answer questions, and support their wellbeing, especially those working on the COVID frontlines. The School's Compassionate Care Initiative (CCI) became a key resource and vehicle for that support through its purposeful, sustained, and robust live instruction in mindfulness and resilience. CCI faculty and staff expanded their virtual offerings during the pandemic to include a weekly "Compassion in Action" forum over Zoom, twice weekly meditation and yoga, a weekly "creativity break" art class and even regular virtual visits with Kenny the therapy dog. The CCI also extended its roster of classes well into the summer.

Clinical Nurse Leader (CNL) and Advance Practice Registered Nurse (APRN) students arrived on-Grounds in mid-July for in-person clinical learning in the hospital and simulation lab, with reformatted scenarios for smaller group learning. Third- and fourth-year undergraduate students will soon begin in-person clinical rotations and RN to BSN students will soon begin classes in both Richmond and Charlottesville, with the majority of their learning occurring online. Advanced practice students continue with in-person clinicals and skills learning, with their didactic courses occurring online.

An area of emphasis has been social justice. Throughout the summer, faculty, staff, and students regularly engaged on topics of race and equity through virtual discussion groups, practice scenarios, and in book groups. These summer intensives taught those in our community how to have difficult conversations to confront racism, how to understand and root out implicit bias, how to address racism in the hospital and other clinical settings, and how to better integrate LGBTQ+ content into courses and care. This is a continuation of the work the School has done since 2015 when our Inclusion, Diversity, and Excellence Achievement (IDEA) initiative first began to examine who, how, and what we teach, identifying our aspiration to be an inclusive, engaged, equitable community where everyone feels welcome.

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

**BOARD MEETING:** September 10, 2020

**COMMITTEE:** Health System Board

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

**ACTION REQUIRED:** None

**BACKGROUND:** TCH prepares a periodic report to inform the Board of Visitors of operational matters and performance.

**OPERATIONS REPORT**

**Healing**

The overall quality program at TCH for Fiscal Year 2020 resulted in some positive outcomes for the patients it served. The mortality rate for the year-to-date is only 5.53% compared to benchmark data of 9.34%. The TCH acquired C. Difficile rate is 0.85 compared to 1.0 national incidence rate. In addition, the ventilator weaning rate is 60.71% which is on par with national averages of other long-term acute care providers. Finally, the 30-day unplanned readmission rate to the Medical Center was 18.9% 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 fourth quarter being our best quarter of Fiscal Year 2020.

**Serving**

In Fiscal Year 2020, TCH has had an average daily census (ADC) of 25.6 patients on a budget of 26.1 ADC. There were a total of 267 admissions, an acuity index of 1.09 for Medicare patients but 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 which did not qualify for long-term acute care hospital admission and some of which had no payment method but required continued inpatient care. Accepting lower acuity patients that were hard to place helped create capacity at the Medical Center and provided an estimated \$2.1M in savings to UVA Health.

The TCH's Patient Satisfaction Scores continue to reflect a high level of satisfaction with the care provided at TCH. Forty-two out of 52 surveys returned so far in Fiscal Year

2020, 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 the TCH will focus on increasing response rates in future quarters.

### **Engaging**

Despite the Fiscal Year 2020 employee engagement survey being delayed due to COVID-19 on operations, employee engagement remains a focus. In accordance with social distancing requirements, 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 intends to celebrate its 10<sup>th</sup> anniversary of operations. However, this may not be feasible until sometime in 2021.

### **Building**

For Fiscal Year 2020, 94% of TCH admissions came from the UVA Medical Center while the rest came from outside hospitals. Breakdown of admissions by medical categories include 38% vent weaning and respiratory complex, 35% medically complex and 24% complex wounds. Discharge to home and skilled nursing facilities remain our highest discharge dispositions of the four lower level of care options (inpatient rehabilitation facility, skilled nursing facility, home, and Hospice). Case mix index remained low all year mainly due to the lower ventilator patient census and taking more non-qualifying, custodial, and low acuity patients from the Medical Center. Average length of stay through Fiscal Year 2020 was 32.3 for all payers and 29.95 for Medicare patients.

### **Recent Designations, Inspections, and Certifications**

All inspections and site visits were restricted during most of the 4<sup>th</sup> quarter of Fiscal Year 2020 due to COVID-19. Thus, TCH has had no new inspections.