

October 6, 2000

MEMORANDUM

TO: The Health Affairs Committee:

Charles M. Caravati, Jr., M.D., Chair  
H. Christopher Alexander, III, M.D.  
Thomas J. Bliley, Jr.  
Vincent F. Callahan, Jr.  
William G. Crutchfield, Jr.  
William H. Goodwin, Jr.  
Terence P. Ross  
Elizabeth A. Twohy  
Harry J. G. van Beek  
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Charles L. Glazer	Timothy B. Robertson
T. Keister Greer	Walter F. Walker
Elsie Goodwyn Holland	Benjamin P.A. Warthen
Stephen S. Phelan, Jr.	James C. Wheat, III
Gordon F. Rainey, Jr.	Joseph E. Wolfe

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs Committee  
on October 6, 2000

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 10:05 a.m., Friday, October 6, 2000, in the Board Room of the Rotunda; Charles M. Caravati, Jr., M.D., Chair, presided. H. Christopher Alexander, III, M.D., William G. Crutchfield, Jr., William H. Goodwin, Jr., Terence P. Ross, Ms. Elizabeth A. Twohy, Harry J.G. van Beek, and John P. Ackerly, III, Rector, were present.

Also present were Charles L. Glazer, T. Keister Greer, Mrs. Elsie Goodwyn Holland, Gordon F. Rainey, Jr., Timothy B. Robertson, Walter F. Walker, Benjamin P.A. Warthen, James C. Wheat, III, Joseph E. Wolfe, and Stephen S. Phelan, Jr.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, M.D., Ernest H. Ern, Ms. Colette Sheehy, Robert D. Sweeney, William W. Harmon, Robert E. Reynolds, M.D., Gene D. Block, Robert M. Carey, M.D., William E. Carter, Jr., Larry L. Fitzgerald, W. Bruce Hillman, M.D., George A. Beller, M.D., Thomas M. Daniel, M.D., L. Jay Lemons, and Ms. Jeanne Flippo Bailes.

W. Phillip Gibbs, M.D., was present as a special guest.

The Chair asked Dr. Cantrell, Vice President and Provost for Health Sciences, to present the Agenda.

The first three items were Consent Agenda items; Dr. Cantrell proposed three resolutions for conflict of interest exemptions. The first involved a biotechnology company, GeNeuron Therapeutics, Inc. in which three members of the Medical School faculty, Mr. Gerald R. Hankins and Drs. Gregory A. Helm and David F. Kallmes, have interests. The second involved another biotechnology company, Respiratory Research, Inc. in which two Medical school faculty members, Drs. Benjamin M. Gaston and John F. Hunt, have interests. The third is a company, Apache Medical Systems, with whom the Medical School is negotiating a sponsored research contract; Dr. William A. Knaus, a member of the Medical School faculty, owns in excess of three percent of the equity in the company.

On motion, the three necessary resolutions were adopted and recommended to the full Board for approval at the Board meeting of October 7<sup>th</sup> (see Minutes of the meeting of the Board of Visitors, October 7, 2000).

Dr. Cantrell asked Mr. Sandridge to continue with the Agenda; Mr. Sandridge asked Mr. Larry Fitzgerald, Associate Vice President for Health Sciences for Finance, to present the customary financial report for the Medical Center.

Fiscal Year 2001, which began July 1<sup>st</sup>, has started off well, Mr. Fitzgerald said. Patient discharges are slightly behind the comparable figures last year and a bit behind budget. The length of stay ("patient days") is up from last year and running ahead of budget; the number of outpatient and Emergency Room visits is up from last year but below the figure budgeted for this year. Operating revenues are up from last year and running ahead of budget for this year. Operating expenses are also ahead of last year and ahead of budget - and here, Mr. Fitzgerald noted several extraordinary, one-time expenses. The Operating Margin is up - 5.2% compared with 3.6% last year - but below the budgeted 5.8%.

The Chair asked Mr. William Carter, Senior Associate Vice President for Health Sciences for Operations, to give a report on the progress of the Performance Improvement Project.

Mr. Carter gave a brief report on progress to date: the Project has a goal of identifying cost savings and revenue enhancement ideas to the total of \$28.1million; almost \$14million worth have been identified so far. The means for some of this include such things as reorganizing and streamlining several administrative departments, renegotiating contracts for pharmaceutical and operating room supplies, maximizing reimbursements from pharmaceutical companies' indigent care drug programs, and so forth.

Mr. Carter showed the Committee a table with summary results of the Project.

Dr. Cantrell introduced Dr. Thomas Daniel, Professor of Surgery, who gave a presentation on the "Lungs for Life Screening Program," which he and Drs. Jonathon Truwit and Spencer Gay have devised. The Program involves a 15 minute CAT scan and is designed to detect cancerous spots on the lungs.

Mr. Goodwin suggested that a brochure describing Dr. Daniel's program could be printed at modest cost and mailed to alumni. The Program, he said, is excellent and should be publicized both as a sound preventive medicine procedure and as an example of the kinds of things being done by the Medical Center.

Dr. Cantrell then gave his customary report.

The School of Medicine received \$121million for sponsored research in Fiscal Year 2000, which ended June 30<sup>th</sup>; this was a 12% increase over the previous year and 48% above 1996. Dr. Cantrell noted the \$20million grant, recently announced, for prostate cancer research that has been received from the estate of Paul Mellon. The Mellon gift brings the total of funds received in the Capital Campaign to \$225million, \$100million above the original Campaign goal of \$125million.

Nonetheless, Dr. Cantrell said, the shortage of space limits the expansion of research, and he urged continuing support of the efforts to obtain the funds necessary to build Medical Research Building #6.

Dr. Cantrell said the "unintended consequences" of the federal Balanced Budget Act of 1997 continue to plague academic health centers. He was delighted to report, he said, that word has been received from Mr. Bliley that the Congress is working to provide relief.

The shortage of nurses is a continuing problem as well, and Dr. Cantrell told the Committee of several recent initiatives undertaken to try to resolve this.

He told the Committee as well about the University's Telemedicine program, about a forthcoming health fair for Southwest Virginia at The University of Virginia's College at Wise, and about recently completed renovations to the Health Sciences Library.

The Chair reminded Members that the next meeting of the Committee will be held on November 9<sup>th</sup>.

On motion, the meeting was adjourned at 11:00 a.m.

AGG:lah

Copies to: Mr. John T. Casteen, III  
Mr. Gene D. Block  
Dr. Robert W. Cantrell  
Ms. Louise Dudley  
Mr. Ernest H. Ern  
Mr. Paul J. Forch  
Mr. William W. Harmon  
Mr. Terry Holland  
Mr. L. Jay Lemons  
Mr. Peter W. Low  
Dr. Robert E. Reynolds  
Mr. Leonard W. Sandridge  
Ms. Colette Sheehy  
Mr. Robert D. Sweeney  
Dr. W. Phillip Gibbs