

March 22, 2001

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 March 22, 2001

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 4:45 p.m., Thursday, March 22, 2001, in the Dining Conference Rooms at the University Hospital; Charles M. Caravati, Jr., M.D., Chair, presided. Thomas J. Bliley, Jr., William G. Crutchfield, Jr., William H. Goodwin, Jr., Ms. Elizabeth A.

Twohy, H. Christopher Alexander, III, M.D., Harry J.G. van Beek and John P. Ackerly, III, Rector, were present.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, M.D., Robert M. Carey, M.D., Bruce J. Hillman, M.D., George A. Beller, M.D., Ms. Beth Hodsdon, William E. Carter, Jr., Larry L. Fitzgerald, and Ms. Jeanne Flippo Bailes.

The first item on the Agenda was a report by Mr. Carter on Clinical Strategic Planning. The last Plan, Mr. Carter reminded the Committee, was completed in 1996, so it was necessary to review it and bring it up to date. Some eighty persons are involved in this review, of whom 50% are physicians. After explaining the review process in some detail, Mr. Carter said it was clear that "the staffing shortage is the key bottleneck, contributing to many of our operational problems...unless - and until - the staffing shortage is solved, Health Sciences cannot actively pursue its strategic objectives in the marketplace." He went on to suggest some remedies that had been discussed in the review of the Plan.

Mr. Carter also discussed a better use of technology and new marketing strategies, all of which are being considered in the review of the Plan.

Mr. Sandridge and Mr. Larry Fitzgerald gave the customary financial report on the Medical Center; the figures cited were current for January 31st.

Patient discharges are down from the same period last year and below budget for this year. The decline has to do with the nursing shortage and the availability of hospital beds - beds have been closed in order to maintain an acceptable ratio of nursing personnel to staff beds. The average length of stay for patients is above budget and considerably above the same period last year. Operating revenues are up considerably from last year and above budget for this fiscal year. This, Mr. Fitzgerald explained, can be attributed to lower indigent care write-offs, the conversion of outpatient clinics to provider based entities, the increase in the case mix index and the opening of the Augusta Dialysis Center.

Operating expenses are also up - 3.9% over budget and 16.2% over last year. Salaries, medical center contracts, and medical supplies, among other expenses, are higher than budget and higher than last year. An instance of higher costs is the expense of contracts with traveling nurses: \$651,000 or 24.8% higher than last year. The number of full-time equivalent employees is slightly below budget but more than last year. The operating margin stands at 4%, the same as this time last year, which is lower than the 4.7% budgeted.

The Committee adopted the following motion to permit an Executive Session.

That the Health Affairs Committee of the Board of Visitors go into Executive Session to discuss the appointment, assignment, performance, and evaluation of prospective candidates and specific employees of the University and departments of the Medical Center which will necessarily involve discussion of specific individuals.

To evaluate, with legal counsel, the status of negotiations and performance with respect to the integration of the Medical Center computer system.

To consider, with the advice of legal counsel, the Medical Center's quality assurance review which involves discussion of the performance of Medical Center departments and specific individuals.

To receive further from legal counsel advice with respect to pending or threatened litigation and any other matter requiring the advice of legal counsel.

For discussion of an investment in a joint venture which will involve discussion of personnel and proprietary business data of the Medical Center.

To consider plans for a medical clinic in the surrounding service area which also will involve discussion of proprietary business information and business development strategies of the Medical Center, where public disclosure at this time would adversely affect the University's competitive position.

The relevant exemptions to the Virginia Freedom of Information Act are found in Section 2.1-344 A, (1), (5), (6), (7), (8) and (23) of the Code of Virginia.

The Committee went into Executive Session at 5:20 p.m., resumed in Open Session at 6:50 p.m. and, on further motion, adjourned.

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AGG:lah

- Copies to: Mr. John T. Casteen, III
Mr. Gene D. Block
Dr. Robert W. Cantrell
Mr. George E. Culbertson
Ms. Louise Dudley
Mr. Paul J. Forch
Mr. William W. Harmon
Mr. Terry Holland
Mr. Peter W. Low
Dr. Robert E. Reynolds
Mr. Leonard W. Sandridge
Ms. Colette Sheehy
Mr. Robert D. Sweeney
Dr. George Beller
Dr. Bruce Hillman
Dr. Robert Carey
Dr. Charles H. Crowder

ADDENDUM TO THE OFFICIAL MINUTES OF THE MEETING OF THE
BOARD OF VISITORS OF THE UNIVERSITY OF VIRGINIA

Meeting Date: March 22, 2001

CERTIFICATION OF EXECUTIVE MEETING

The Board of Visitors, sitting in Open Session, unanimously adopted a resolution certifying that while meeting in Executive Session - as permitted by the relevant provisions of the Code of Virginia - only public business matters lawfully exempted from open meeting requirements were heard, discussed or considered in closed session.

Alexander G. Gilliam, Jr.
Secretary, Board of Visitors,
University of Virginia