

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
MEDICAL CENTER
OPERATING BOARD
October 3, 2007**

- Discussion of proprietary, business-related information pertaining to the operations of the Medical Center, where disclosure at this time would adversely affect the competitive position of the Medical Center, specifically:
 - Strategic personnel, financial, market and resource considerations and efforts regarding the Medical Center and School of Medicine, including capacity planning and investment of public funds for a potential strategic joint venture or other competitive effort regarding long term patient care, and linkage to the long-range strategic goals of the Medical Center and Health System Decade Plan and the mission of patient care, education, and research, all where public discussion would adversely affect the Medical Center's bargaining position;
 - Confidential information and data related to the adequacy and quality of professional services, patient safety in clinical care, and patient grievances for the purpose of improving patient care at the Medical Center; and
 - Consultation with legal counsel regarding the Medical Center's compliance with relevant federal reimbursement regulations, licensure and accreditation standards, which will also involve proprietary business information of the Medical Center and evaluation of the performance of specific Medical Center 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), (7), and (23) of the Code of Virginia. The meeting of the Medical Center Operating 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: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.A. Vice President's Remarks

ACTION REQUIRED: None

DISCUSSION: The Vice President and Chief Executive Officer of the Medical Center will inform the Medical Center Operating Board of recent events that do not require formal action.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.B. Finance, Write-offs and Operations

ACTION REQUIRED: None

BACKGROUND: The Medical Center prepares a periodic financial report, including write-offs of bad debt and indigent care, and reviews it with the Executive Vice President and Chief Operating Officer of the University before submitting the report to the Medical Center Operating Board. In addition, the Medical Center provides an update of significant operations of the Medical Center occurring since the last Medical Center Operating Board meeting.

DISCUSSION:

FINANCE REPORT

On an unaudited basis, Fiscal Year 2007 ended with an on-budget operating margin of 4.7 percent. Inpatient admissions were 0.9 percent below budget, but 2.3 percent above prior year. At the end of June 2007, we had 579 staffed acute and critical care inpatient beds in operation. In addition, a twenty bed dedicated observation unit began operations on April 2, 2007. Patient days were 1.9 percent below budget, and the average length of stay was 5.69 days, compared to the 5.80 day budgeted length of stay. The case mix index for all acute inpatients was 1.81, which was slightly below budget.

Inpatient services which experienced the most significant increases in admissions over the prior year include orthopedics, general surgery and family practice. Admissions to the thoracic cardiovascular surgery service have declined most significantly from last year, the result of increased competition from community hospitals.

Total operating expenses for Fiscal Year 2007 were 0.5 percent below the \$881.5 million budget. Salaries, wages, and benefits were below budget. Medical supplies were above the budget. Medical supplies is an expense that is not at or below median cost in our benchmark group. Purchased services were

above budget, largely due to the continued utilization of agency contracted labor.

Non-operating gains of \$58.3 million came primarily from investment income, realized gains on endowments and fair market value adjustments of investments and endowments. Also included in non-operating gains is a \$25 million appropriation from the state for construction of the Emily Couric Clinical Cancer Center and a \$25 million contribution to the School of Medicine's Fund for the Future.

Full time equivalent employees were 96 above budget and 132 greater than the prior year. FTEs and salary wage and benefit cost per FTE were:

	<u>FY 2006</u>	<u>FY 2007</u>	<u>2007 Budget</u>
FTEs	5,767	5,904	5,854
Salary, Wage and Benefit Cost per FTE	\$61,069	\$63,819	\$65,243
Contract Labor FTEs	290	286	240
Contract Labor Cost Per FTE	\$79,701	\$82,763	\$79,020
Total FTEs	6,058	6,190	6,094

OTHER FINANCIAL ISSUES

Several academic health systems, such as Wake Forest University Baptist Medical Center and West Virginia University Hospital, have had public and unpleasant provider contract negotiations in the past two years. One of our goals for Fiscal Year 2007 and Fiscal Year 2008 is to assure competitive, market based rates and extend the provider contracts with Southern Health and Anthem through at least 2013, and in so doing continue to maintain a good business partnership. We have achieved that goal with Southern Health and we are very close with Anthem.

The Medical Center and the Health Services Foundation have continued to meet with Anthem to negotiate new provider contracts. The existing contracts expire December 31, 2009. We have made significant progress toward the completion of our contract objectives and anticipate that all objectives will be achieved and new contracts will be signed by March 2008 that will continue through 2014.

Both the Health Services Foundation and the Medical Center concluded successful negotiations with Southern Health. The Medical Center contract will provide a projected operating margin of 9 percent over the term of the contract, which expires in 2014.

The Virginia Department of Medical Assistance Services has concluded the on-site audit of the Medicaid and Indigent Care Cost Reports for the Medical Center and the Health Services Foundation. This was the first time physician cost had been subjected to an audit. We received their final audit report, and there are no adjustments to physician cost. The adjustments to Medical Center cost are less than the reserves that had been established for the audit.

WRITE-OFF OF BAD DEBTS AND INDIGENT CARE

Indigent care charges totaling \$142.1 million for the period July 1, 2006 through June 30, 2007 have been written off. Recoveries during this period totaled \$48.1 million.

Bad debt charges totaling \$44.0 million have been written off in Fiscal Year 2007. During this same period, \$20.4 million was recovered through suits, collection agencies, and Virginia refund set-off.

OPERATIONS REPORT

Clinical Operations

Continuum Home Health completed an unannounced four day Medicare comprehensive full survey from August 13, 2007, to August 16, 2007. The surveyor communicated how impressed she was with the care she observed and noted that our level of patient satisfaction was high. We anticipate an official report will contain no more than one minor deficiency, which is easily corrected. The surveyor complimented Continuum and will

recommend that other organizations contact us to learn best practices.

The Medical Laboratories recently implemented a new molecular-based testing technology called Peptide Nucleic Acid by Fluorescent In-Situ Hybridization (PNA-FISH). This test enables rapid speciation of selected bacteria and yeast in a patient's blood specimen within a few hours as opposed to days. In studies by other hospitals, the use of this test has been shown to decrease excessive antibiotic use and reduce overall hospital costs, by reducing the average length of stay of patients with positive blood cultures. Based on an informal survey of ordering physicians at the Medical Center, the rapid results have resulted in some cases of earlier discharge, modification of antibiotic therapy and reduced diagnostic procedures.

An open house celebration for new technological innovations in imaging took place on July 18th. This event celebrated recent and significant clinical advances in Radiology including the installation of the first Dual Energy CT Scanner in the Commonwealth and the first 3T MRI in Central Virginia. The focus of this open house was to educate the Health System's visiting physicians and staff about our personalized imaging capabilities. These tools provide insight into the function of the human body, specifically those related to Neurological and Cardiac Imaging. Since that open house, the Medical Center has installed a second 64 slice CT scanner at the University Hospital location to increase our capabilities to expedite the turnaround of services and imaging capabilities for our inpatients and emergency room patients.

The Sleep Disorders Center at the University of Virginia Health System has received a five-year accreditation from the American Academy of Sleep Medicine (AASM), making it the only area sleep laboratory operating at the nation's highest level of excellence. The AASM's in-depth accreditation process evaluated the center's facilities and staff and also assessed its testing procedures, patient contacts and physician training. The AASM awards its five-year accreditation to sleep centers that meet or exceed its standards for professional health care.

The University of Virginia Health System added security services for twelve facilities not located at the main Medical Center grounds effective September 4, 2007. These facilities include:

- Fontaine Research Park
- Northridge
- Stacey Hall
- Blake Center
- 999 Grove Street
- 1222 JPA Medical Office Building
- UVa Outpatient Surgery Center
- Moser Radiation Center
- Malcolm Cole Child Center
- Medical Labs Building
- 11th Street Trailers
- Child and Family Psychiatry (Old Ivy Road)

The major objectives of these changes include provision of service to staff and faculty who move among the various clinical sites, enhanced security services for high volume patient care areas, and improved regulatory and accreditation compliance. Car as well as foot patrols will enhance the presence of law enforcement personnel.

The Health System is piloting Service Recovery as a process tool to enhance our "I Care" goal. Service Recovery is a process to immediately address a patient/family member's concern when they perceive they have had a negative experience or "service problem" within the Health System. Service Recovery involves smiling, making eye contact, listening actively, thanking and apologizing, trying to resolve, thanking again and asking "is there anything else I can do for you?" There is an option for issuance of an amenity where appropriate as an additional expression of our apology. The pilot program began July 1, 2007, in the Emergency Department. Following completion of the pilot program in October, 2007, a plan for rolling the program out to all areas will be developed.

TCAB, Transforming Care at the Bedside, is a Robert Wood Johnson Foundation initiative in conjunction with the Institute for Healthcare Improvement for improving patient care and outcomes while increasing nurse satisfaction and retention. The aim for care delivery has four components set by the Institute for Medicine. The care should be safe and reliable, have vitality and create teamwork, be patient centered and have value added care processes. One initiative involves creating a designated quiet time for patients' rest, relaxation and healing. At the University of Virginia, nursing staff piloted "Peace and Quiet Time" on one acute care unit and one intensive care unit. This value added change for the nursing staff of the Surgical Trauma Burn Intensive Care Unit and on 6 Central has created a new excitement as the nurses navigate through their shift. Knowing that a period of time has been set aside for their patients to be quiet and rest has offered the staff more opportunity to consult with physicians and other nurse

colleagues about patients, to catch up on documentation and sometimes to just decompress during a busy shift.

Awards and Recognition

In August 2006 the American Nurses Credentialing Center awarded the Medical Center Magnet Recognition for Nursing Excellence. On August 31, 2007 the Medical Center received notice from the American Nurses Credentialing Center that the Medical Center's first year Interim Magnet Report was accepted, and thus the Medical Center's status as a Magnet institution continues for another year. The Medical Center will submit written reports again in 2008 and 2009 and a site visit will be required for revalidation in 2010.

U.S. News & World Report recognized seven medical specialties at the Health System in their annual survey of "America's Best Hospitals". These specialties include endocrinology, gynecology, cancer, neurology/neurosurgery, respiratory diseases, digestive disorders, and urology.

The Access, Service, and Communication Committee recognized 20 Ambulatory clinics for receiving Press-Ganey Overall Patient Satisfaction and/or Customer Service scores at or above the 95th percentile.

The Timely Discharge Recognition Program has recognized 9 inpatient units for achieving Discharge by Noon 50% or greater of the time for through December 2006. Timely discharge enhances daily patient throughput and inpatient capacity.

This summer Public Relations provided stories for international coverage of neuroscientist James Coan by the BBC and a transplant story on the Australian feature show 60 Minutes, and much of our basic research appeared on foreign web sites and newspapers. After a visit to CBS News, we took their advice to create an "audition tape" of seven of our medical experts. This tape most recently led to inquiries and an appearance by Dr. Chris Holstege on August 15th on ABC's Good Morning America. We also have had our experts appear online via video news releases sent to Real Health, a health news distributor used by ABC News.

The annual Children's Hospital telethon raised \$2,202,719 for research, medical and emotional needs of children and families. This surpasses the \$1.8 million achievement from last year.

Human Resources Initiatives

All Medical Center employees were invited to participate in an Employee Engagement Survey from May 21-June 8, 2007. Seventy-four percent, a total of 4,074 employees, responded. Comprehensive, organizational-level results have been shared with Mr. Howell and senior leadership. They are currently examining the results and determining which themes need to be addressed at the organizational level. Mr. Howell has shared this information with the employee council and is conducting employee forums. Additionally, managers will be sharing unit-specific results in their departments over the next two months. Working together with Human Resources and their supervisors, managers will identify areas of concern and develop action plans to address them.

Human Resources has also focused on recruitment initiatives, launching employee referral and direct mail campaigns to recruit nurses, particularly those in specialty areas in high demand. We have also developed and implemented several retention programs, including nursing scholarship, professional development, and certification reward programs. We are currently in the midst of our annual market salary survey to ensure a competitive relationship to the market. Lastly, all Medical Center Program Managers and all new managers have completed comprehensive leadership development programs, "graduating" in August.

Community Service

The eighth annual Remote Area Medical Clinic was held July 20-22nd in Wise. Over 170 University of Virginia health care professionals and other volunteers served over 2300 people from a wide area of Southwest Virginia with vision, dental, and medical issues that would otherwise go untreated.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-05	Jun-06	UNAUDITED Jun-07	Jun-07
Net patient revenue	\$780.2	\$819.5	\$882.4	\$891.0
Other revenue	<u>30.1</u>	<u>37.5</u>	<u>37.9</u>	34.1
Total operating revenue	<u>\$810.3</u>	<u>\$857.0</u>	<u>\$920.3</u>	<u>\$925.1</u>
Operating expenses	720.8	768.2	822.7	824.1
Depreciation	42.0	46.0	48.3	50.7
Interest expense	<u>4.8</u>	<u>4.7</u>	<u>6.0</u>	<u>6.7</u>
Total operating expenses	<u>\$767.6</u>	<u>\$818.9</u>	<u>\$877.0</u>	<u>\$881.5</u>
Operating income (loss)	<u>\$42.6</u>	<u>\$38.1</u>	<u>\$43.3</u>	<u>\$43.7</u>
Non-operating income (loss)	<u>\$20.8</u>	<u>\$25.8</u>	<u>\$58.3</u>	<u>\$16.8</u>
Net income (loss)	<u>\$63.5</u>	<u>\$63.9</u>	<u>\$101.6</u>	<u>\$60.5</u>
Principal payment	\$8.8	\$8.2	\$6.6	\$8.0

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

Description	Most Recent Three Fiscal Years		
	Jun-05	Jun-06	UNAUDITED Jun-07
Assets			
Operating cash and investments	\$130.6	\$178.8	\$222.3
Patient accounts receivables	92.2	62.7	57.4
Property, plant and equipment	330.6	351.7	387.5
Depreciation reserve and other investments	225.8	254.8	272.4
Endowment Funds	111.9	124.0	149.7
Other assets	<u>99.8</u>	<u>128.6</u>	<u>122.9</u>
Total Assets	<u>\$991.0</u>	<u>\$1,100.7</u>	<u>\$1,212.2</u>
Liabilities			
Current portion long-term debt	\$15.7	\$16.4	\$16.6
Accounts payable & other liab	153.1	172.6	166.3
Long-term debt	125.7	150.1	153.5
Accrued leave and other LT liab	<u>28.0</u>	<u>29.1</u>	<u>41.8</u>
Total Liabilities	<u>\$322.4</u>	<u>\$368.2</u>	<u>\$378.1</u>
Fund Balance	<u>\$668.5</u>	<u>\$732.5</u>	<u>\$834.1</u>
Total Liabilities & Fund Balance	<u>\$991.0</u>	<u>\$1,100.7</u>	<u>\$1,212.2</u>

University of Virginia Medical Center
Financial Ratios

Description	Most Recent Three Fiscal Years			Budget/Target
	UNAUDITED			
	Jun-05	Jun-06	Jun-07	Jun-07
Operating margin (%)	5.3%	4.4%	4.7%	4.7%
Total margin (%)	7.6%	7.2%	10.4%	6.4%
Current ratio (x)	1.3	1.3	1.5	2.0
Days cash on hand (days)	187.0	198.5	217.6	190.0
Gross accounts receivable (days)	51.4	43.7	39.7	60.0
Average payment period (days)	84.9	89.2	80.5	60.4
Annual debt service coverage (x)	8.1	8.9	12.4	8.0
Debt-to-capitalization (%)	18.4%	19.8%	18.3%	20.0%
Capital expense (%)	6.1%	6.2%	6.2%	6.5%

University of Virginia Medical Center
Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-05	Jun-06	UNAUDITED Jun-07	Jun-07
Acute Admissions	29,069	29,458	30,145	30,405
Patient days	166,899	170,140	173,066	176,349
SS/PP Patients	7,908	7,368	6,909	7,711
Average length of stay	5.77	5.79	5.69	5.80
Clinic visits	597,524	604,369	630,201	620,288
ER visits	57,349	58,643	59,756	58,385
Medicare case mix index	1.93	1.96	1.94	1.96
Net Revenue by Payor				
Medicare (%)	35.50%	37.37%	36.42%	36.6%
Medicaid (%)	14.30%	12.75%	12.98%	14.9%
Commercial Insurance (%)	18.40%	19.01%	18.73%	15.8%
Anthem (%)	18.20%	19.50%	18.63%	20.7%
Southern Health (%)	5.50%	4.96%	5.24%	5.5%
Other (%)	<u>8.10%</u>	<u>6.41%</u>	<u>8.00%</u>	<u>6.5%</u>
Total	100.0%	100.0%	100.0%	100%
FTE's (including contract labor)	5,952	6,058	6,190	6,094

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
Fiscal Year to Date with Comparative Figures for Prior Year to Date - June 2007 (UNAUDITED)

OPERATING STATISTICAL MEASURES - June 2007

ADMISSIONS and CASE MIX - Year to Date

	<u>FY 06</u>	<u>FY 07</u>	<u>% Change</u>
ADMISSIONS:			
Surgical	11,686	11,807	1.0%
Medical	11,786	12,049	2.2%
Transplant	230	247	7.4%
Obstetrics	1,992	2,056	3.2%
Pediatrics	2,348	2,431	3.5%
Psychiatric	1,416	1,555	9.8%
Subtotal Acute	29,458	30,145	2.3%
Short Stay	7,368	6,909	(6.2%)
Total Admissions	36,826	37,054	0.6%

CASE MIX INDEX:

All Acute Inpatients	1.83	1.81	(1.1%)
Medicare Inpatients	1.96	1.94	(1.0%)

OTHER INSTITUTIONAL MEASURES - Year to Date

	<u>FY 06</u>	<u>FY 07</u>	<u>% Change</u>
ACUTE INPATIENTS:			
Inpatient Days	170,140	173,066	1.7%
Average Length of Stay	5.79	5.69	1.7%
Average Daily Census	466	474	1.7%
Births	1,753	1,813	3.4%
OUTPATIENTS:			
Clinic Visits	604,369	630,201	4.3%
Average Daily Visits	2,621	2,733	4.3%
Emergency Room Visits	58,643	59,756	1.9%
SURGICAL CASES			
Main Operating Room (IP and OP)	18,137	18,145	0.0%
UVA Outpatient Surgery Center	7,434	7,559	1.7%
Total	25,571	25,704	0.5%

OPERATING FINANCIAL MEASURES - February 2007

REVENUES and EXPENSES - Year to Date

	<u>FY 06</u>	<u>FY 07</u>	<u>% Change</u>
NET REVENUES:			
Paying Patient Revenue	\$ 767,202,935	\$ 826,975,606	7.8%
Appropriations	52,298,105	55,425,379	6.0%
Net Patient Service Revenue	819,501,040	882,400,985	7.7%
Other Operating Revenue	37,516,512	37,911,681	1.1%
Total	\$ 857,017,552	\$ 920,312,666	7.4%
EXPENSES:			
Salaries and Wages	\$ 352,184,530	\$ 376,787,447	7.0%
Supplies and Contracts	244,238,083	268,571,153	10.0%
Purchased Services	139,530,176	144,547,501	3.6%
Bad Debts	32,285,536	32,842,637	1.7%
Depreciation	45,962,412	48,267,336	5.0%
Interest Expense	4,712,274	5,953,921	26.3%
Total	\$ 818,913,011	\$ 876,969,995	7.1%
Operating Income	\$ 38,104,541	\$ 43,342,671	13.7%
Operating Margin	4.4%	4.7%	6.8%
Non-Operating Revenue	\$ 25,818,883	\$ 58,272,361	125.7%
Net Income	\$ 63,923,424	\$ 101,615,032	59.0%

OTHER INSTITUTIONAL MEASURES - Year to Date

	<u>FY 06</u>	<u>FY 07</u>	<u>% Change</u>
NET REVENUE BY PAYOR:			
Medicare	\$ 286,699,912	\$ 301,167,463	5.0%
Medicaid	97,812,314	107,330,716	9.7%
Commercial Insurance	145,816,544	154,892,125	6.2%
Anthem	149,593,489	154,097,824	3.0%
Southern Health	38,076,279	43,338,558	13.8%
Other	49,204,397	66,148,920	34.4%
Total Paying Patient Revenue	\$ 767,202,935	\$ 826,975,606	7.8%
OTHER:			
Collection % of Gross Billings	49.09%	47.23%	(3.8%)
Days of Revenue in Receivables (Gross)	43.7	39.7	(9.2%)
Cost per CMI & OP-Adj Discharge	\$ 7,995	\$ 8,548	6.9%
Cost per CMI & OP-Adj Day	\$ 1,384	\$ 1,489	7.6%
Cost per Outpatient Visit	\$ 71.64	\$ 74.03	3.3%
Total F.T.E.'s (including Contract Labor)	6,058	6,190	2.2%
F.T.E.'s Per Adjusted Occupied Bed	7.63	7.73	1.3%

Assumptions - Operating Statistical Measures

Admissions and Case Mix Assumptions

Admissions include all admissions except normal newborns
Pediatric surgery cases are included in Pediatrics admissions
Obstetrics surgery cases are included in Obstetrics admissions
Transplant surgery cases are included in Transplant admissions
Transplants include all solid organ transplants, bone marrow transplants and islet transplants
All other surgery cases are counted as Surgical admissions
Surgical cases are defined by DRG
Short Stay Admissions include both short stay and post procedure patients
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 newborns
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 & OP-Adj Discharge and Day uses Medicare CMI to adjust, and excludes bad debt
Costs for Cost per Outpatient Visit come from clinic income statement, and exclude bad debt
OP visits used in calculation of Cost per Outpatient Visit are provider based clinic visits only

MEDICAL CENTER

ACCOUNTS COMMITTEE REPORT

(Includes All Business Units)
(Dollars in Thousands)

	Year to Date	<u>Annual Activity</u>	
	June <u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
<u>INDIGENT CARE (IC)</u>			
Net Charge Write-Off	<u>113,523</u>	<u>93,577</u>	<u>80,155</u>
Percentage of Net Write-Offs to Revenue	6.08%	5.61%	5.60%
Total Reimbursable Indigent Care Cost	<u>43,652</u>	<u>40,901</u>	<u>37,985</u>
State and Federal Funding	43,652	40,901	37,985
Total Indigent Care Cost Funding As a Percentage of Total Indigent Care Cost	100%	100%	100%
Unfunded Indigent Cost	<u>-</u>	<u>-</u>	<u>-</u>
	June	<u>Annual Activity</u>	
<u>BAD DEBT</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Net Charge Write-Offs	<u>32,843</u>	<u>32,286</u>	<u>27,389</u>
Percentage of Net Write-Offs to Revenue	1.76%	1.93%	1.91%

Note:

Provisions for bad debt write-offs and indigent care write-offs are recorded for financial statement purposes based on the over all collectibility of the patient accounts receivable. These provisions differ from the actual write-offs of bad debts and indigent care which occur at the time an individual account is written off.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.C. Capital Projects

ACTION REQUIRED: None

BACKGROUND: The Medical Center is constantly improving and renovating its facilities. We will provide a status report of these capital projects at each Medical Center Operating Board meeting.

DISCUSSION: The current Medical Center capital projects report is set forth in the following table.

**The University of Virginia Medical Center
Capital Projects Report
October 2007**

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
1. Pre-Construction				
Clinical Office Building: Fontaine Avenue – Planning and Design for 3 rd floor underway for Spine Center, Sports Medicine Clinic, and Imaging.	\$16.75 M (total building budget)	Bonds	Jan '03	2009
Clinical Cancer Center : Construction documents underway for consolidated and comprehensive Cancer Center on site of present West Parking Deck; An additional floor will be added (shell space) for future use. Ground breaking is scheduled for April, 2008.	\$59 M (+\$8 M added floor)	Bonds and Outside Fundraising	Sept '04 July '06 (B&G Committee) June '07	2010
New Children's Hospital: Facility programming being validated. Awaiting completion of fundraising efforts before proceeding with detailed design work.	\$48 M	Bonds and Outside Fundraising	Apr '04	TBD
University Hospital Bed Expansion: Schematic design underway to increase inpatient bed capacity in University Hospital.	\$80.2 M	Bonds	Sept '04 June '07	2011

**The University of Virginia Medical Center
Capital Projects Report
October 2007**

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
2. Under Construction				
Primary Care Center : 1st Floor renovations (2 phases) to create new central registration hub, improve phlebotomy, improve patient care services at main entrance, and relocate Medical Center Executive Offices	\$3.0 M (\$3.4 M revised)	Medical Center Annual Capital Budget	N/A	1st phase is complete; 2nd phase target is Dec, 2007
Hospital Expansion Project: Horizontal expansion of University Hospital and renovation of entire second floor to accommodate complete rebuilding and expansion of Perioperative Services and Heart Center. Additional renovations and expansion for Interventional Radiology and Clinical Laboratory. Scope change (3/03) to include additional floor for Heart Center faculty offices. 14 new ORs completed; relocated Central Sterile Supply (CSS); 5 renovated ORs completed in February '07	\$58.0 M (\$62.7 M revised)	Bonds @ \$54 M (\$58.7 M rev) + Operating Revenues @ \$4 M	Mar '99	Fall '06 (Revised Summer '07)

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.D. Health System Development

ACTION REQUIRED: None

BACKGROUND: Health System Development will provide reports of recent activity to the Medical Center Operating Board from time to time.

DISCUSSION:

SIGNIFICANT GIFTS

A \$6 million bequest was received to benefit the Department of Anesthesiology.

The University of Virginia Children's Hospital Telethon raised \$2.2 million, with a record \$147,000 pledged over the phones during the televised event this spring.

At Medical Alumni Reunion weekend in April, the Class of 1957 finalized commitments of \$500,000 to name the Student Lounge in the new Claude Moore Medical Education building.

Other gifts and pledges received include:

- A \$300,000 bequest for the Dean's discretionary use in the School of Medicine;
- A \$250,000 pledge to name a medical simulation room in the new Claude Moore Medical Education building;
- A \$250,000 commitment from the medical alumni Class of 1952 to support the new Medical Education building;
- A \$150,000 gift to fund neurogenetics research to develop a diagnostic test for Parkinson's disease;
- A \$135,000 pledge over the next five years to fund breast cancer research, and another \$100,000 gift to fund general cancer research;
- A \$100,000 gift to support a medical education scholarship fund;

- An \$80,000 donation to support adenoid cystic carcinoma research; and
- A gift of \$50,000 to fund an interventional cardiology fellowship.

OTHER DEVELOPMENT INITIATIVES

Development staff discussed updated plans for the Children's Hospital building with a current donor, who subsequently agreed to an increased commitment and formal gift agreement of \$1 million.

Recent local events raised money for the University of Virginia Children's Hospital. In April, the Bad Pants Bash and Mac McDonald Invitational Golf Tournament combined raised \$125,000 while Valley Blox hosted its annual golf tournament in June and raised \$105,000.

Through the efforts of the Patients & Friends Committee, over \$45,000 was raised for breast cancer research at this year's Pink Polo Event in June.

Several communications projects were completed this quarter, including a comprehensive communications strategy for the Cancer Center at the University of Virginia, fund-raising and public relations materials for the 23rd Annual University of Virginia Children's Hospital Telethon in June, a media kit featuring the University of Virginia Diabetes Center and a newly-designed fund-raising brochure for use throughout Health System clinics and waiting rooms.

Between July 1, 2006, and June 30, 2007, Health System Development staff made 1375 face-to-face visits with donors and prospects.

CAMPAIGN PROGRESS THROUGH JUNE 30, 2007

Through the end of June, the Health System Campaign total is \$320,122,031. This represents 64.02% of the Campaign total, with 43.72% of the Campaign period elapsed. The following table shows the Fiscal Year 2007 totals for new commitments, including new gifts and new pledges.

	FY '07	FY '06
Total new commitments (excluding payments on previously booked pledges)	\$109,113,228	\$50,447,087
New gifts	\$25,595,887	\$29,688,532
New pledges	\$83,517,341	\$20,758,555

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.E. Medical Center Internal Audit Report

ACTION REQUIRED: None

DISCUSSION: The University Chief Audit Executive will provide an overview of the internal audit process for the University of Virginia Health System. The 2007-2008 audit schedule is as follows:

DEPARTMENT/DIVISION	BUDGETED HOURS
PATIENT CARE ACTIVITIES	
Chronic Wound Care Center Charge Capture	300
Inpatient Chart Controls	400
Outpatient Surgery Center - Pharmaceuticals	100
ADMINISTRATIVE & SUPPORT SERVICES	
Outpatient Charge Capture	450
Quality Performance & Improvement	425
SCHOOL OF MEDICINE	
Graduate Programs Office - Phase II	300
Reimbursements to Employees	400
School of Medicine Grants	350
OTHER ACTIVITIES	
Follow-up Audit	200
Inventory - Pharmacy	25
Inventory - Surgical Supply	25
Inventory - Storeroom	25
Self Assessment	200
HEALTH SYSTEM TOTAL	3,200

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II. Report by the President of the
Clinical Staff

ACTION REQUIRED: None

DISCUSSION: The President of the Clinical Staff of the Medical Center will inform the Medical Center Operating Board of recent events regarding the Clinical Staff which do not require formal action, but of which the Medical Center Operating Board should be made aware.