

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
MEDICAL CENTER
OPERATING BOARD
November 16, 2009**

IV. EXECUTIVE SESSION

- ACTION ITEMS - To consider proposed personnel actions regarding the appointment, reappointment, resignation, assignment, performance, and credentialing of specific medical staff and health care professionals, as provided for in Section 2.2-3711(A) (1) 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.
- 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, fundraising, market and resource considerations and efforts regarding the Medical Center, including Medical Center metrics, a proprietary report on a health care information management system and performance of a contract, long range financial plan, fiscal year 2011 budget assumptions, business plans for clinical growth, and Medical Center market strategies and potential joint ventures and partnerships;
 - 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 federal and state investigations, the Medical Center's compliance with relevant federal reimbursement regulations, licensure and accreditation standards, and negotiations concerning performance of a contract and related litigation, all of which will also involve proprietary business information of the Medical Center.

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), (8) and (22) 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: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I. Schematic Design for the Barry and Bill Battle Building at the University of Virginia Children's Hospital

\$ 79,000 Bonds

\$ 38,000 Gifts

\$117,000 Total

BACKGROUND: This project constructs an approximately 200,000 gross square foot facility at the corner of Jefferson Park Avenue and West Main Street on the site of the existing open parking lot. The project will allow the University to 1) relocate most of the Medical Center's outpatient pediatric clinics to a site convenient to parking and the main hospital; 2) enhance the layout, appearance, and amenities of the clinics; 3) support the installation of new therapeutic equipment; and 4) create a "free leaning" Children's Hospital at the University of Virginia. In addition, the Medical Center will be able to relocate and expand the Outpatient Surgery Center, currently located in a facility that is nearing the end of its useful life. The program goal is to improve patient care, consolidate the outpatient pediatric program, and develop an expanded Outpatient Surgery Center. The budget for design and construction is \$117 million. The building design will be presented for review by the Buildings and Grounds Committee this month, based on an approximately 200,000 gross square foot scope and \$117 million budget.

DISCUSSION: The architects, in conjunction with the Architect for the University, Facilities Management, and the University of Virginia Real Estate Foundation are developing the schematic design for the Barry and Bill Battle Building at the University of Virginia Children's Hospital. Mr. Neuman will review the current status of the design with the Medical Center Operating Board.

ACTION REQUIRED: Endorsement by the Medical Center Operating Board.

ENDORSEMENT OF FURTHER REVIEW OF THE SCHEMATIC DESIGN FOR THE
BARRY AND BILL BATTLE BUILDING AT THE UVA CHILDREN'S HOSPITAL

RESOLVED, the Medical Center Operating Board endorses and recommends to the Buildings and Grounds Committee, for further review, the schematic design dated October 2009 prepared by Odell Associates, Inc., of Richmond, and Stanley Beaman & Sears, Architecture and Interiors, of Atlanta, Georgia.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.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: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.B. Clinical Research Presentation -
"New Technologies and Techniques in
Cardiology: Cutting the Stroke Risk"

ACTION REQUIRED: None

DISCUSSION: Srijoy Mahapatra, M.D., is a physician in the Department of Medicine, Division of Cardiovascular Medicine and an Assistant Professor of Medicine and Biomedical Engineering. He will provide an overview of his work developing new techniques and tools for epicardial ablation and pacing.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.C. 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

At the end of the first two months of Fiscal Year 2010, the operating margin for all business units was 5.6 percent, which was above the budget of 5.3 percent. Total operating revenue was below budget by 2.4 percent and total operating expenses were below budget by 2.8 percent. The operating margin for the Medical Center business unit was 3.1 percent against a budget of 3.7 percent. UVA Imaging and the Outpatient Surgery Center continue to post operating margins which exceed expectations.

Inpatient activity in the first two months of Fiscal Year 2010 has mirrored the trends of Fiscal Year 2009, with admissions below budget, observation patients above budget, and average length of stay higher than expected. The case mix index for all acute inpatients was equal to budget and higher than the prior year.

Inpatient admissions for the first two months of Fiscal Year 2010 were 5.9 percent below budget and 5.5 percent below prior year. While many services continued to experience declining admissions, the most significant decrease in the first two months occurred in general medicine. Surgical and pediatric admissions have also decreased. Gastroenterology, hematology

oncology and pulmonary critical care experienced increased admissions over the prior year.

Average length of stay was 6.28 days for Fiscal Year 2010 through August compared to 5.92 days for Fiscal Year 2009 through August. A higher length of stay for pediatric patients is driving much of the increase, and surgical patients are staying an average of one-half of a day longer than in the first two months of Fiscal Year 2009.

Net patient service revenue for the first two months of Fiscal Year 2010 was 2.7 percent below budget, primarily because of the admissions shortfall. Total operating expenses through August were 2.8 percent below the \$166.2 million budget. Total labor expenses (including salaries and wages, fringe benefits and contract labor) were 2.2 percent below budget. Total supply cost was 0.6 percent below the \$37.5 million budget. With the exception of bad debt, all other expense categories were below budget.

Total paid employees, including contracted employees, were 34 below budget.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>2010 Budget</u>
Employee FTEs	6,099	6,003	6,036
Salary, Wage and Benefit Cost per FTE	\$67,367	\$69,665	\$70,937
Contract Labor FTEs	235	176	176
Total FTEs	6,334	6,179	6,213

OTHER FINANCIAL ISSUES

The clinical documentation improvement initiative began in September with training customized for each clinical department's faculty and residents. The objective is to more accurately identify the level of acuity of patients so that various publicly reported data, such as mortality, are more accurately reported. Early faculty responses are positive.

Discussions continued with the West Virginia Department of Health and Human Services to improve payment levels. Their latest offer was a modest increase of five percent, which would leave the variable cost to treat West Virginia Medicaid patients 18 percent greater than the payment. As a final action the state commissioner has been asked to propose a State Medicaid Plan amendment to pay the University of Virginia at variable cost. We are not optimistic such an amendment will be supported.

WRITE-OFF OF BAD DEBTS AND INDIGENT CARE

Indigent care charges totaling \$33.1 million for the period July 1, 2009, through August 31, 2009, have been written off. Recoveries during this period totaled \$7.8 million.

Bad debt charges totaling \$6.4 million have been written off in the first two months of Fiscal Year 2010. During this same period, \$3.1 million was recovered through suits, collection agencies, and Virginia refund set-off.

OPERATIONS REPORT

Clinical Operations

Ambulatory Services

As part of the Medical Center reorganization, Ambulatory Services adopted a joint leadership structure that consists of two newly created roles, a Medical Director of Ambulatory Services and a Chief of Ambulatory Services. Dan McCarter, M.D., assumed the role of Medical Director, and Yvonne McHorney, MHA, assumed the role of Chief of Ambulatory Services. Their first charge was the development of a strategic business plan to guide the direction of ambulatory care and enhance the synergy between the Medical Center and Medical Directors. To achieve this, an Ambulatory Oversight Committee was established as a collaborative among the management of the School of Medicine, the Medical Center, and the Health Services Foundation.

The Ambulatory Oversight Committee will serve as the advisory body for Ambulatory Services and is charged to bring leadership focus to the clinics and to growth opportunities associated with Ambulatory Services. The Committee will develop and implement strategies to increase market share, facilitate growth, and ensure high-quality care by focusing on enhancing

patient access to services and consistently delivering a positive patient experience.

On September 22, 2009, Ambulatory Services held the first meeting of all Medical Directors, Medical Center Managers, and Medical Center Administrators under the new structure. Attendance and participation in the meeting were exceptional, with over 60 Medical Directors, Managers, and Administrators working collaboratively to develop strategies and suggestions on improving patient access to the clinics. Every attendee had the opportunity to offer feedback regarding existing qualities that must be preserved in clinics, the top areas for and barriers to improvement, and the drivers of patient access (including Medical Center employees) to our clinics.

Cancer Center

The Cancer Center's Commission on Cancer Triennial Survey was performed on September 18th, at the University of Virginia Cancer Center. Dr. James R. Daniel, the surveyor who conducted the review, stated that the University of Virginia has an excellent Cancer Center and should receive Accreditation with Commendations.

Therapies and Durable Medical Equipment

To ensure prompt and accurate delivery of durable medical equipment to University of Virginia patients and to minimize discharge delays due to durable medical equipment supply issues, the Medical Center signed a contract with Praxair Healthcare Services to provide durable medical equipment when a discharged patient has no provider preference or established relationship with another supplier. This agreement will enable the Medical Center to provide equipment to patients in their homes within twenty-four hours of discharge, or to deliver equipment to the Medical Center within one hour of equipment being ordered for patients requiring equipment prior to discharge.

Seasonal Flu and H1N1 Flu

A comprehensive communication plan regarding seasonal flu vaccination and masking procedures was distributed to all faculty and staff. A blue "2009" sticker is being given to each individual who has obtained seasonal flu vaccine from Employee Health or WorkMed, or who presents documentation from another provider source that the vaccine has been given. The sticker is placed on the employee's ID badge. Individuals who do not receive seasonal influenza vaccination (for whatever reason) or

do not have the blue "2009" sicker displayed on their ID badge will be required to wear a mask if they are within six feet of patients. The need to wear masks will be triggered when Costi Sifri, M.D., and Jonathon Truwit, M.D., determine a significant disease burden is present in our community. As of October 2, 5,639 Health System employees had received the seasonal flu vaccine. Operational planning for H1N1 vaccination has also been developed and communication is pending for the vaccine arrival.

Although the Medical Center has not changed its patient family and friend visitation policy, visitors will be asked for assistance in voluntarily limiting visits to the Medical Center. The visitation policy may need to be changed in the future if the situation becomes more serious. A Flu Call Center is being established effective October 8, for Health System patients and will operate from 8:00 a.m. - 5:00 p.m.

Culpeper Regional Hospital

The work with Culpeper Regional Hospital continues. UVA Specialty Care at Culpeper Regional Hospital, which will initially include Endocrinology and Infectious Disease, is scheduled to open in November 2009. The Department of Physical Medicine and Rehabilitation will also have space in the clinic. There are identified needs in the Culpeper area that Culpeper Regional Hospital and the University of Virginia will continue to work toward providing for the community.

An elective residency rotation in Emergency Medicine began in late September 2009. Providing training slots at Culpeper Regional Hospital provides residents and fellows the opportunity to experience health care in a community based setting and is part of the overall strategy to recruit physicians from the University of Virginia upon completion of their graduate medical training to fill the physician needs in the Culpeper area.

Culpeper Regional Hospital will outsource clinical engineering operations to the Medical Center. The Medical Center will offer technology assessments, equipment maintenance, and communication systems planning, which will give Culpeper a more comprehensive set of engineering services while saving the hospital money.

The University of Virginia Hospital Auxiliary will host the Culpeper Regional Hospital Auxiliary leadership for a luncheon

in November to discuss possible collaborative functions between the groups.

Community Relations, Outreach, and Service

Women's Four Miler

The Charlottesville Women's Four Miler succeeded in raising over \$321,000. Eighty percent is allocated to fund programs and services for the University of Virginia breast program and 20% is allocated to the Patient and Friends Committee to fund cancer research.

Electronic Medical Record

The EpicCare project continues on schedule and budget. Some 15 physicians, nurses, compliance officers, managers and technical specialists attended the Epic Systems user group meeting in Verona, Wisconsin, and came away delighted that the University of Virginia selected EpicCare for its Electronic Medical Record. They learned that 185 health care organizations that care for 24% of the U.S. population use, or have licensed to use, EpicCare.

More than 600 University of Virginia physicians, nurses, information technologists and managers are involved in the design committees and value achievement committees, the purpose of the latter being to research and bring back to the design committees best practices from other organizations using EpicCare. Design committees have been working for several months modifying the Model System from EpicCare to meet the Health System's needs. The EpicCare work flow, as modified by our design teams, was presented to the Clinical and Nursing staff and allied health professionals October 5, 6, and 7, in McLeod Hall. Hundreds of physicians, including about 100 Medical Directors, will work on the content of EpicCare (documentation templates and order sets) between November and April 2010. A Clinical Staff Retreat will take place in January 2010 and will focus on EpicCare and clinical transformation and how the former engenders the latter.

EpicCare conversions and interfaces continue to be a major focus. The Medical Center is a complex, highly interfaced, multi-system environment. With the implementation of EpicCare, data from many diverse systems are being consolidated into a single Electronic Medical Record. Currently, we are converting patient demographic data, ancillary (lab, radiology, pathology)

results, transcriptions, coded problems, flowsheet data, and scanned image pointers. Small volume testing is occurring in September and October; large volume testing will begin in mid-October and continue through November. Production implementation begins February 2010 in preparation for the Ambulatory go-live in September 2010.

Human Resources

2009 Medical Center Employee Engagement Results

Employee participation in the survey increased from 82% to 89%. The level of employee commitment increased from 3.82 to 3.85, however, our goal was 4.05. Employee commitment has increased nationally among our healthcare peers, however, it should be noted that the Medical Center achieved a greater increase in percentile score than our peers when we moved from the 10th percentile to the 18th percentile. Our goal is to reach the 50th percentile. An in depth analysis of the results will be provided to all levels of the organization in October and November 2009. Key themes which will be addressed using various strategies include leadership effectiveness, communication, and recognition of staff.

Search for an Associate Vice President for Hospital and Clinics Operations

A national search for an Associate Vice President for Hospital and Clinic Operations is under way. The Search Committee, chaired by Robert Gibson, M.D. and Patricia Cluff, selected three candidates for on-grounds interviews scheduled for October 2009. The goal is to have the selected candidate begin in January 2010.

Appointment of new Chief Nursing Officer

Pamela Cipriano, PhD, RN, FAAN resigned her position as Chief Nursing Officer to pursue professional opportunities outside of the Medical Center. Ms. Cipriano had been an integral part of the Medical Center for 9 years, advancing nursing and clinical practice. Under her leadership, the Medical Center achieved Magnet recognition, opened more than 70 beds, and expanded the main operating room by seven rooms. In addition to her nursing leadership, she has served as a Clinical Associate Professor at the School of Nursing.

Outside the Medical Center Ms. Cipriano has provided national leadership to the nursing profession through service on numerous committees, as an officer of the American Nurses Association and the American Academy of Nursing, and as editor-in-chief of the American Nursing Association journal, *American Nurse Today*. We wish to acknowledge Ms. Cipriano's years of service and contributions to the Health System

Lorna Facteau, DNSc, RN, has been appointed Acting Chief Nursing Officer, effective October 9. Ms. Facteau has provided leadership for the Medical Center's Adult Inpatient Care and Emergency services for the past year and is highly qualified for this role. A national search for the Chief Nursing Officer will be launched following the appointment of the Associate Vice President for Hospital and Clinic Operations.

Technology Services

Health Information Services

The Health Information Technology Standards Advisory Committee for the Commonwealth of Virginia, which is chaired by Marshall Ruffin, M.D., has met frequently over the past two months and has drafted a detailed set of requirements for health information exchange for the Commonwealth.

Environment of Care/Facilities

Major Project Updates

Construction of the Long Term Acute Care Hospital is scheduled to be completed in the summer of 2010. Integration Workgroups continue to meet to address operational planning issues. Recruitment of an Associate Chief for the Long Term Acute Care Hospital is under way.

Occupancy of the Hospital Bed Expansion is scheduled for the last quarter of 2011.

Occupancy of the Emily Couric Clinical Cancer Center is scheduled for the first quarter of 2011.

Other Construction Projects

Refurbishment of seven inpatient units has been completed, with completion of the remaining acute care units anticipated by the end of 2009.

Utility work continues along West Main Street and Jefferson Park Avenue. Construction barriers, signs, and flagmen remain in place to alert motorists and pedestrians at all times while work is underway.

The Focused Ultrasound Surgery Center officially opened in September 2009, and became available for research and patient treatment in October. It will be one of the world's most advanced facilities for this groundbreaking technology and constitutes an interdepartmental and multidisciplinary effort involving anesthesiology, biomedical engineering, gynecology, neurology, neurosurgery, oncology, radiology, radiation oncology, surgery, urology, and other departments.

Smoke-Free Campaign

The Medical Center became a smoke-free facility on October 1. This follows an extensive campaign to inform patients, visitors, and employees about the smoke-free policy now in effect. Employees have been provided with information on smoking cessation programs and other resources. Brochures with maps have been made available and banners have been installed at strategic entrances to alert patients and guests that we are now a smoke-free facility.

Patient & Guest Services

Patient and Guest Services reported a total of 25,142 limited English proficiency patient encounters for Fiscal Year 2009. This is an increase of 5.5% (1,384 encounters) from Fiscal Year 2008. Seventy percent of the limited English proficiency population speaks Spanish (17,536 encounters). Obstetrics and Pediatrics in the Primary Care Center are the highest volume clinics, with 15% of their total patient population speaking Spanish.

Accessibility

Representatives from Human Resources and Environment of Care heard recommendations from a workgroup convened to develop a process for assuring accessibility in all public and employee areas on Health System grounds and other facilities. Recommendations included formation of an advocacy group that will review accessibility and provide information to employees regarding in-house and community resources that can provide

transportation to and from work for employees with short-term or long-term disabilities.

Artist Exhibition

An exhibit by Ann E. Cheeks entitled, "Wave--Mixed Media, Acrylic, Fabric and Pastels", was on display in University Hospital from September 4, to November 6.

Recognition

Kluge Children's Rehabilitation Center has been designated a Center of Excellence by the National Pediatric Acquired Brain Injury Plan. This group has as its mission to develop a seamless, standardized, evidence-based system of care universally accessible for all children, young adults, and their families regardless of where they live. Each state will have a lead agency, and for the Commonwealth that will be the Kluge Children's Rehabilitation Center.

The Medical Center's Emergency Department was selected by *USA Today* for a feature story regarding the provision of health care in the emergency room setting. *USA Today* reporters spent twenty-four hours in the Emergency Department on August 24. Their main focus was on wait times, patients who may utilize the emergency department for primary care, uninsured patients, and hospital readmissions. *USA Today* published the report as a two-day series on September 8, and 9. Several University of Virginia nurses and physicians were profiled in the articles. *USA Today* staff expressed appreciation to everyone who played a role in obtaining the stories and footage necessary for the article. It was an outstanding team effort and it is important to recognize the contributions that clinical personnel, non-clinical personnel, the executive team, supporting staff and departments made to an incredibly successful project.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Aug-07	Aug-08	Aug-09	Aug-09
Net patient revenue	\$154.4	\$162.1	\$166.5	\$171.2
Other revenue	<u>4.1</u>	<u>3.5</u>	<u>4.8</u>	<u>4.3</u>
Total operating revenue	<u>\$158.5</u>	<u>\$165.6</u>	<u>\$171.3</u>	<u>\$175.5</u>
Operating expenses	143.5	148.4	152.0	155.3
Depreciation	8.3	8.7	8.6	9.4
Interest expense	<u>1.4</u>	<u>1.3</u>	<u>1.0</u>	<u>1.5</u>
Total operating expenses	<u>\$153.2</u>	<u>\$158.4</u>	<u>\$161.6</u>	<u>\$166.2</u>
Operating income (loss)	<u>\$5.3</u>	<u>\$7.2</u>	<u>\$9.6</u>	<u>\$9.3</u>
Non-operating income (loss)	<u>\$4.9</u>	<u>(\$2.1)</u>	<u>\$8.8</u>	<u>\$5.2</u>
Net income (loss)	<u>\$10.2</u>	<u>\$5.1</u>	<u>\$18.4</u>	<u>\$14.5</u>
Principal payment	\$1.8	\$2.1	\$2.4	\$2.3

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

Description	Most Recent Three Fiscal Years		
	Aug-07	Aug-08	Aug-09
Assets			
Operating cash and investments	\$116.1	\$32.2	\$23.3
Patient accounts receivables	52.5	55.2	53.7
Property, plant and equipment	390.4	426.5	480.4
Depreciation reserve and other investments	442.6	347.6	306.4
Endowment Funds	151.2	322.7	344.1
Other assets	<u>120.2</u>	<u>113.7</u>	<u>154.0</u>
Total Assets	<u>\$1,273.0</u>	<u>\$1,297.9</u>	<u>\$1,361.9</u>
Liabilities			
Current portion long-term debt	\$15.4	\$15.9	\$20.2
Accounts payable & other liab	142.0	80.1	88.5
Long-term debt	153.3	221.7	277.0
Accrued leave and other LT liab	<u>115.0</u>	<u>92.7</u>	<u>117.5</u>
Total Liabilities	<u>\$425.7</u>	<u>\$410.4</u>	<u>\$503.2</u>
Fund Balance	<u>\$847.3</u>	<u>\$887.5</u>	<u>\$858.7</u>
Total Liabilities & Fund Balance	<u>\$1,273.0</u>	<u>\$1,297.9</u>	<u>\$1,361.9</u>

**University of Virginia Medical Center
Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	Aug-07	Aug-08	Aug-09	Aug-09
Operating margin (%)	3.3%	4.3%	5.6%	5.3%
Total margin (%)	6.2%	3.1%	10.2%	8.0%
Current ratio (x)	1.1	0.9	0.7	2.0
Days cash on hand (days)	213.4	192.8	170.0	190.0
Gross accounts receivable (days)	50.1	49.6	47.2	60.0
Annual debt service coverage (x)	6.3	4.4	8.2	6.6
Debt-to-capitalization (%)	18.0%	28.2%	35.0%	20.0%
Capital expense (%)	6.3%	6.3%	5.9%	6.6%

University of Virginia Medical Center
Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Aug-07	Aug-08	Aug-09	Aug-09
Acute Admissions	5,112	4,951	4,677	4,968
Patient days	29,785	30,350	28,685	29,293
SS/PP Patients	1,195	1,415	1,434	1,338
Average length of stay	5.97	5.92	6.28	5.90
Clinic visits	107,324	104,014	106,513	107,803
ER visits	10,029	10,365	10,127	10,130
Medicare case mix index	1.95	1.96	1.95	1.94
FTE's (including contract labor)	6,250	6,334	6,179	6,213

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 - August FY2010

OPERATING STATISTICAL MEASURES - August FY 2010

ADMISSIONS and CASE MIX - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year		Actual	Budget	% Variance	Prior Year
ADMISSIONS:					ACUTE INPATIENTS:				
Adult	3,942	4,201	(6.2%)	4,197	Inpatient Days	28,685	29,293	(2.1%)	30,350
Pediatrics	474	508	(6.7%)	506	Average Length of Stay	6.28	5.90	(6.4%)	5.92
Psychiatric	261	259	0.8%	248	Average Daily Census	463	479	(3.3%)	490
Subtotal Acute	4,677	4,968	(5.9%)	4,951	Births	283	316	(10.4%)	322
Short Stay/Post Procedure	1,434	1,338	7.2%	1,415	OUTPATIENTS:				
Total Admissions	6,111	6,306	(3.1%)	6,366	Clinic Visits	106,513	107,803	(1.2%)	104,014
					Average Daily Visits	2,711	2,741	(1.1%)	2,660
					Emergency Room Visits	10,127	10,130	(0.0%)	10,365
					SURGICAL CASES				
					Main Operating Room (IP and OP)	3,164	3,228	(2.0%)	3,127
					UVA Outpatient Surgery Center	1,344	1,321	1.7%	1,376
					Total	4,508	4,549	(0.9%)	4,503

OPERATING FINANCIAL MEASURES - August FY 2010

REVENUES and EXPENSES - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year		Actual	Budget	% Variance	Prior Year
NET REVENUES:					NET REVENUE BY PAYOR:				
Net Patient Service Revenue	166,496	171,166	(2.7%)	162,068	Medicare	\$ 50,387	\$ 49,937	0.9%	48,431
Other Operating Revenue	4,755	4,374	8.7%	3,540	Medicaid	18,105	16,828	7.6%	15,583
Total	\$ 171,251	\$ 175,540	(2.4%)	\$ 165,608	Commercial Insurance	28,026	31,474	(11.0%)	31,883
					Anthem	27,989	32,341	(13.5%)	29,862
					Southern Health	8,838	8,466	4.4%	7,857
					Other	33,151	32,120	3.2%	28,452
					Total Paying Patient Revenue	\$ 166,496	\$ 171,166	(2.7%)	162,068
EXPENSES:					OTHER:				
Salaries, Wages & Contract Labor	73,262	\$ 74,926	2.2%	73,252	Collection % of Gross Billings	37.73%	39.68%	(4.9%)	41.02%
Supplies	37,232	37,465	0.6%	36,549	Days of Revenue in Receivables (Gross)	47.2	60.0	21.3%	49.6
Contracts & Purchased Services	34,303	36,287	5.5%	33,447	Cost per CMI Adjusted Discharge	\$ 10,065	\$ 9,933	(1.3%)	\$ 9,735
Bad Debts	7,161	6,601	(8.5%)	5,136	Total F.T.E.'s (including Contract Labor)	6,179	6,213	0.5%	6,334
Depreciation	8,674	9,456	8.3%	8,738	F.T.E.'s Per CMI Adjusted Discharge	24.96	23.97	(4.1%)	24.94
Interest Expense	1,020	1,508	32.4%	1,292					
Total	\$ 161,652	\$ 166,243	2.8%	\$ 158,414					
Operating Income	\$ 9,599	\$ 9,297	3.2%	\$ 7,194					
Operating Margin %	5.6%	5.3%		4.3%					
Non-Operating Revenue	\$ 8,752	\$ 5,175	69.1%	\$ (2,096)					
Net Income	\$ 18,351	\$ 14,472	26.8%	\$ 5,098					

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 - August 31, 2009

Assumptions - Operating Statistical Measures

Admissions and Case Mix Assumptions

Admissions include all admissions except normal newborns
Pediatric cases are those discharged from 7 West, 7 Central, NICU, PICU and KCRC
Psychiatric cases are those discharged from 5 East or Rucker 3
All other cases are reported as Adult
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 Adjusted Discharge uses All Payor CMI to adjust, and excludes bad debt

MEDICAL CENTER ACCOUNTS COMMITTEE REPORT

(Includes All Business Units)
(Dollars in Thousands)

	Year to Date	<u>Annual Activity</u>	
	August 2009-10	<u>2008-09</u>	<u>2007-08</u>
<u>INDIGENT CARE (IC)</u>			
Net Charge Write-Off	<u>29,037</u>	<u>152,552</u>	<u>133,320</u>
Percentage of Net Write-Offs to Revenue	6.58%	6.49%	6.34%
Total Reimbursable Indigent Care Cost	<u>10,976</u>	<u>57,665</u>	<u>54,558</u>
State and Federal Funding	10,976	57,665	54,558
Total Indigent Care Cost Funding As a Percent of Total Indigent Care Cost	100%	100%	100%
Unfunded Indigent Cost	<u>-</u>	<u>-</u>	<u>-</u>
		<u>Annual Activity</u>	
<u>BAD DEBT</u>	August 2009-10	<u>2008-09</u>	<u>2007-08</u>
Net Charge Write-Offs	<u>7,161</u>	<u>30,811</u>	<u>31,472</u>
Percentage of Net Write-Offs to Revenue	1.62%	1.31%	1.50%

Note:

Provisions for bad debt write-offs and indigent care write-offs are recorded for financial statement purposes based on the overall 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: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.D. Health Reform Implications

ACTION REQUIRED: None

DISCUSSION: Arthur Garson, Jr., M.D., Executive Vice President and Provost of the University, will provide an overview of the implications of the federal health reform effort.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.E. Capital Projects

ACTION REQUIRED: None

BACKGROUND: The Medical Center is constantly improving and renovating its facilities. A status report of these capital projects will be provided 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
November 2009**

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
1. Pre-Construction				
Barry and Bill Battle Building: Design started on December 12, 2008. Submit to Building and Grounds Committee November 2009	\$117 M	Bonds and Outside Fundraising	TBD	2013
*University Hospital: Add two Operating Rooms and Magnetic Resonance Imaging Room (with equipment) – design nearing completion.	\$14.3 M (2,330 GSF)	Bonds	Feb 2008	2010
University Hospital: Add elevators – design complete.	\$7.6 M	Bonds	Feb 2008	2011
Moser Radiation Therapy Center: Construct addition for 2 nd linear accelerator – project put on hold for FY10.	\$2.5 M (3,000 GSF)	Bonds	Feb 2008	2011

*Project modifies original HEP project

The University of Virginia Medical Center
Capital Projects Report
November 2009

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
2. Under Construction				
University Hospital: Renovate Radiology Department – phased construction under way	\$21.2 M (52,000 GSF)	Bonds	Feb 2008	2012
Emily Couric Clinical Cancer Center: Construction under way. Building is nearing a dried-in state to allow interior work to continue through the winter months.	\$74 M (including added shelled floor)	General Fund Appropriation (@ \$25 M) , Bonds and Outside Fundraising	Oct 2004 July 2006 (B&G Committee) June 2007	2010
University Hospital Bed Expansion: Project to increase inpatient bed capacity in University Hospital by adding 72 private, ICU-level rooms. Installation of curtain wall system is progressing well.	\$80.2 M	Bonds and Health System Operating Revenue	Sept 2005 June 2007	2011
Primary Care Center: Repair brick façade and replace roof. Brick repair is complete. Replacement of the roof commenced in late September 2009.	\$6.6 M	Bonds	Feb 2008	2009
Clinical Office Building: Board of Visitors approved project to complete the 3 rd floor fit out for the Spine Center, Hand Center, and Radiological Services. Construction is ongoing.	\$8 M	Bonds	Jan 2003 Feb 2008	2010
*University Hospital: Renovate Heart Center invasive procedure areas – design complete for several phases. Construction under way for the first phase.	\$15.6 M (21,600 GSF)	Bonds	Feb 2008	2010

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.F. 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
July 1 - August 31, 2009

The School of Medicine received an unrestricted gift of more than \$4 million.

Friends of the University made a \$3 million commitment for professorships in contemplative end-of-life care and palliative care in the Schools of Medicine and Nursing.

A School of Medicine alumnus has designated two-thirds of his estate, valued at \$3 million, to the Department of Pediatrics and the Pediatrics Residency Program.

Other gifts and pledges received include:

- A \$63,000 bequest to the Claude Moore Medical Education Building;
- A \$50,000 annual commitment in support of the Teen Health Center and the Peer Educator Coordinator position; and
- A \$50,000 gift to advance lung cancer research.

OTHER DEVELOPMENT INITIATIVES

In July, friends of the Health System hosted a Healthy Appalachia event in Abingdon, Virginia, in coordination with The University of Virginia's College at Wise. Approximately 70 guests attended the event, which featured Ed Howell, Wise College Chancellor David J. Prior, and other physicians and administrators who spoke on health initiatives in Southwest Virginia.

The Children's Hospital Telethon raised a total of \$1,801,862. Other Children's Hospital fund raising activities included the Log-A-Load for Kids Fire at McIntire Softball Tournament on August 8, and the 2009 Atlantic Regional Children's Miracle Network Golf Tournament on August 21. The tournament was sponsored by Food Lion and was attended by Martha Carpenter, M.D., and Gregory Hayden, M.D.

The Health System Communications team produced the second issue of *Volunteer Exchange*, an e-newsletter for volunteers and friends of the Health System. The summer issue of *Investing in Hope*, a newsletter focused on University of Virginia Cancer Center philanthropy, was mailed to a target audience of approximately 4,500 donors and friends. The issue has raised more than \$14,800 in gifts to date.

CAMPAIGN PROGRESS THROUGH AUGUST 2009

Through the end of August 31, 2009, the Health System campaign total is \$477,423,094. This represents 95% of the campaign goal achieved, with 71% of the campaign period elapsed. The following table shows the Fiscal Year 2010 totals as of August 31, for new commitments, including gifts and pledges, as compared to this same time frame in Fiscal Year 2009.

	FY '10	FY '09
Total new commitments <i>(excludes pledge payments on previously booked pledges)</i>	\$14,647,562	\$5,704,412
New gifts	\$13,621,600	\$5,573,587
New pledges	\$1,025,962	\$130,825

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: November 16, 2009

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: III. 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.