MEMORANDUM

TO: The Special Committee on Strategic Planning:

Frank B. Atkinson, Co-Chair
Linwood H. Rose, Co-Chair
The Honorable Alan A. Diamonstein
William H. Goodwin Jr.
Victoria D. Harker
Bobbie G. Kilberg
Stephen P. Long, M.D.
Vincent J. Mastracco Jr.
Edward D. Miller, M.D.
Helen E. Dragas, Ex Officio

and

The Remaining Members of the Board and Senior Advisor:

A. Macdonald Caputo
Hunter E. Craig
Allison Cryor DiNardo
Marvin W. Gilliam Jr.
George Keith Martin

John L. Nau III
Timothy B. Robertson
Hillary A. Hurd
Leonard W. Sandridge Jr.

FROM: Susan G. Harris

SUBJECT: Minutes of the Special Committee on Strategic Planning
Meeting on February 22, 2013

The Special Committee on Strategic Planning of the Board of Visitors of the University of Virginia met, in Open Session, at 9:05 a.m., Friday, February 22, 2013, in the Auditorium of the Harrison Institute/Small Special Collections Library; Frank B. Atkinson and Linwood H. Rose, Co-Chairs, presided.

Present were The Honorable Alan A. Diamonstein, William H. Goodwin Jr., Stephen P. Long, M.D., Edward D. Miller, M.D., and Ms. Helen E. Dragas, Rector.
Report by the Co-Chairs

Mr. Rose began the committee meeting by sharing with the Board members the discussion at the February 8, 2013 meeting of the Special Committee on Strategic Planning. He stated that the co-chairs, President Sullivan, and Senior Vice Provost Milton Adams gave reports on the strategic planning process. The committee also heard status reports from three of the seven working group chairs. The committee is very pleased with the engagement of the community as well as the students, faculty, and staff members in the working groups. Mr. Rose stated there was also a report from the consultants from Art & Science. Mr. Atkinson reported that the video archive from the February 8th meeting is on the website. Members were encouraged to watch it.

Report by the Senior Vice Provost

Mr. Adams said the steering committee and working groups have been meeting over the course of the last several months. The seven working groups: Faculty Recruitment, Retention & Development; Public University; Resources; Streamlining; Student Life; Synergy; and Technology, have all held open forums where the University community has been invited to talk and listen, as well as present their ideas, including a special event that was targeted just for students. Mr. Adams has been meeting with other groups, including graduate students from Arts & Sciences, to solicit their input.

Mr. Adams said the working groups submitted their emergent ideas for the January 28 steering committee meeting. He highlighted several of these ideas: mission focused, strategic philanthropy; producing a transformative residential undergraduate student experience; collaborative hiring of faculty, perhaps in clusters of focused ideas; and defining and supporting scholarship in the Digital Age.

Mr. Adams said the consultants are well underway with their assessment work. They are interviewing thought leaders – currently they have 26 interviews scheduled and have sent out within the last couple of days several more solicitations for interviews. He said
two-thirds of these people are in leadership positions at other universities and one-third are at other organizations such as the National Academy of Sciences, the National Academy of Engineering, Coursera, the Association of American Universities, the Mellon Foundation, and the Association of American Medical Colleges.

He said they will also be studying nine peer institutions, four publics (University of North Carolina, University of California Los Angeles, Berkeley, and Michigan) and five privates (University of Chicago, Duke University, New York University, Vanderbilt, and University of Southern California). He is working with the consultants to come up with a list of metrics to use for these assessments. Those results will further inform the strategic plans. The results from the thought leaders will be received in March and the assessments in April. Mr. Adams will then feed those results into the working groups and steering committee who will refine and focus discussions on the strategies.

Mr. Adams provided the Board members with a roadmap that details the timeline and work to be done by the groups. The end of the roadmap shows approval of the strategic plan by the Board of Visitors at the September 2013 meeting.

Mr. Adams stated the President has asked the working groups to engage in certain next steps which include meeting together to implement some streamlining ideas now, and to find some commonalities among their ideas. He also said that Mr. Hogan has already implemented some streamlining ideas on quality and efficiency that came out of the working groups.

Mr. Adams said the deans were given an assignment by the President to come up with intellectual directions and aspirations. Mr. Adams developed six themes based on the deans’ feedback. They include: Leadership – both UVa. as a leading public institution and also how our students will learn leadership in their time here; focus on undergraduate education and the student experience; learning assessment – how we will determine what our students should learn and how we will measure what they are learning; focus on digital scholarship; collaboration and practical imagination – putting faculty together across school boundaries to work on important social needs, ideas, and the future; and a focus on global education. Mr. Adams said there are overlapping ideas between the president’s agenda and those deans submitted.

Ms. Dragas asked Mr. Adams to put the thought leaders and the metrics used for the assessment on the strategic planning website. He confirmed they would be available within the next several weeks, once the metrics were developed.
Report by the President

President Sullivan said Ms. Harker had asked at the February 8th meeting if the University had made any efforts already to streamline and save costs. In response to that question, the President had a document prepared that shows the streamlining work since August of 2010 in terms of cost savings - both in annual savings and reallocation. This document is provided as an attachment to these minutes.

The president stated that in addition to the work from the consultants in benchmarking and assessments, the University has also been studying the strategic plans of other institutions. She said not every institution with whom we compete has a strategic plan and some of them are not willing to share them. The strategic plans from Cornell, Purdue, and Berkeley were provided to the Board members prior to this meeting as background information. She said this is a big task in integration because the general approach has been to cast the net wide and to look for many good ideas, both inside and outside of our community.

President Sullivan said her intention at the May Board meeting is to bring 10-12 good ideas that we think would be important differentiators for the University, and to seek the guidance of the Board for which of those ideas we need to develop more fully for the plan. She said that the University community understands that you cannot do everything at once with a plan like this and it is reasonable to prioritize. They will need to look at the things that will make the most difference and start there. The President said the reason that we began an Office of Strategic Planning is that when we make good progress on one of these strategies, we can move another one up. She is hoping for guidance from the Board at the May meeting on the best 5-6 ideas.

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After the President’s report, Mr. Atkinson reiterated the importance of the Board’s engagement with the planning process over the next several months.

Upon motion, the meeting was adjourned at 9:30 a.m.

SGH:dr
These minutes have been posted to the University of Virginia’s Board of Visitors website.
http://www.virginia.edu/bov/specialcommminutes.html
University of Virginia – Academic Division

Operational Efficiency and Continuous Improvement

The University engages in ongoing efforts, at both the unit-level and pan-institutional, to contain and reduce costs, improve processes, and enhance effectiveness and quality. We are constantly benchmarking best practices in higher education and other industries and evaluating how those might be adapted and adopted at U.Va. Since continuous improvement is embedded in daily operations, many of the improvements implemented throughout the institution are not documented at a central level. Below are examples of significant initiatives since August 2010, organized in four categories: resource optimization; automation/streamlining; reorganization and partnerships; organizational effectiveness.

Summary of Operational Examples in this Document:

<table>
<thead>
<tr>
<th>Area:</th>
<th>Annual Savings/ Reallocations*</th>
<th>Annual Revenue*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Optimization</td>
<td>$12,545,250</td>
<td>$8,316,000</td>
</tr>
<tr>
<td>Automation/Streamlining**</td>
<td>$180,000</td>
<td></td>
</tr>
<tr>
<td>Reorganization/Partnerships</td>
<td>$916,500</td>
<td></td>
</tr>
<tr>
<td>Organizational Effectiveness</td>
<td>$1,650,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$15,291,750</td>
<td>$8,316,000</td>
</tr>
</tbody>
</table>

*For the purposes of this document, savings/revenues have been annualized. Dollar figures exclude capital project savings and grant funding.

**Automation/Streamlining activities result in improvements beyond dollar savings such as elimination of steps in a process, improvements in data management, and reduction of staff time on tasks.

Resource Optimization - Examples of staff reductions/management, financial management, and establishing processes/procedures for better utilization.

- Reduced employee headcount, a decrease of 92 in the academic division.
- Expanded the Executive Search Group, an internal search team for recruiting, resulting in approximately $900,000 in savings per year.
- Expanded Temporary Services Group, an in-house temporary staff placement service, saving University departments $219,000 per year.
- Enhanced Compliance and Immigration services, an in house immigration and visa processing service, saving University departments $176,000 per year.
- Initiated Provost oversight and approval of faculty hires.
- Implemented a new comprehensive wellness program to improve our employees’ health through education, wellness activities, goal setting, outreach programs and referrals, and monetary incentives. As a result, healthcare claim expenses and personal healthcare expenses are projected to decrease by $1,229,293 in 2012-13 and $2,137,900 in 2013-14.
• Effectively managing the UVa Health plan by ensuring that only eligible dependents are covered. The University began dependent eligibility verification process with a small number of employees, which resulted in 90 individuals, or 6% of the audit, being removed from the plan last year. All faculty and staff will be reviewed this year.

• Implemented centralized scheduling and central control of teaching space by the Office of the University Registrar and Office of the Provost.

• Accelerated capital project schedules. Example: The Housing Division’s Alderman Road Residence Hall project took advantage of favorable construction pricing to accelerate the replacement schedule, producing a total savings of approximately $40 million. (excluded from total)

• Maximized Restructuring authority given to the Board of Visitors for capital project approval, delegated building code review and permitting, and innovative strategies for construction procurement. Example: Rice Hall completed in 39 months instead of 54 months with a final budget $15 million below the authorized budget. (excluded from total)

• Enhanced Value Management (VM) studies on all capital projects with a construction cost of $5 million or more, resulting in 5-20% of construction budget savings.

• Expanded energy conservation efforts including an initiative that targets the retro-commissioning of inefficient, high-energy consuming buildings, Delta Force. In 2012, four completed, five ongoing, and six new buildings avoided costs of approximately $3.6 million.

• Migrated to a new space management software system to centralize the space data with other space-related information maintained by other departments.

• Negotiated voice infrastructure trunking services contract resulting in an annual savings of $393,120 and a contract for fiber optic cable use that will result in a 20-year life-cycle savings of $1,940,550 over the original proposed price.

• Negotiated reduced premiums with benefit vendor contracts saving the University over $500,000 per year. In addition to employer savings, negotiated life insurance premium reductions resulting in 816 employees saving a total of $1.3 million per year.

• Negotiated a 10-year beverage contract effective August 2012 with an increase of $1.3 million in cash over the original proposal.

• Negotiated a five-year contract effective July 2011 for arena management which includes a contribution of $100,000 towards capital improvements. (excluded from total)

• Consolidated retirement vendors from three to two, while retaining access to wide array of investment funds, reducing costs to faculty and staff by $600,000 per year.

• Negotiated savings for property management of the NOVA Center, saving over $145,000 over a two-year agreement.

• Combined the coal purchase and delivery of the coal into one agreement that will save over $300,000 in the first year of the contract.

• Negotiated charter flights for athletics, avoiding $85,000 in additional fees.

• Renegotiated Facilities and Administrative rate with the federal government, from 54% to 58% on July 1, 2012, with a projected growth in revenue from $63.2 million in FY14 to $65.2 million in FY17.

• Refunding approximately $245 million of outstanding debt in March 2013 at lower rates. Expected Net Present Value savings of approx. $17 million or 12% of the refunding amount. Cash flow savings are expected to be approx. $5 million in year one and $760,000/year thereafter.
Issued $73.95 million of refunding bonds in October 2011 producing net present value savings of $8,325,020 or 10.68% of the refunding amount. The Average Annual Cashflow Savings (FY2014-FY2033) will be $465,000.

Rebid the commercial banking contract with expected savings of $4 million in banking fees and services over the five-year contract.

Began using new banking software in January 2012 to replace the then current Treasury System resulting in approx. $30,000 savings per year.

Facilitated the move of excess expired unrestricted grant funds to the schools, departments and investigators, making approx. $7.1 million dollars available for their use. (excluded from total)

Coordinated with the IRS to provide data and obtain FICA refunds for medical residents after long-standing court cases were resolved. As a result, refunds will be made to former residents, and the Medical Center will receive its employer share of the FICA refunds in excess of approximately $24.4 million. (excluded from total)

Billing the federal government for our research grants on a daily basis instead of quarterly or semi-annually as a precaution to possible federal sequestration, which reduces the risk of interrupted cash flow.

Implementing a New Internal Financial Model (NIFM) to incentivize schools/units to deploy resources more efficiently, align resources with academic decision-making, create greater accountability, and encourage entrepreneurship. Revised the annual budget development for transition to NIFM.

Leveraged the University’s self-insurance program, saving approximately $140,000 annually from the discounts negotiated with the state insurance program.

Generated $736,000 in FY12 and $286,000 in FY13 to-date though subrogation claim activity, pursuing losses the University incurred as a result of third party acts.

Recovering more than $3.28 million (2012-2014) from procurement transactions, including rebates, catalog and logo sales, and sales volume discounts.

Outsourced surplus property operations ($130,000 over 2012-2014), achieves higher sales prices for surplus items and frees up space formerly used as warehouse space.

Implemented online classes in lieu of on-Grounds classes in the Curry School ($390,000 over 2012-2014).

Piloted electronic textbooks in 17 classes in Fall 2012 with potential savings to students ranging from $62,000 - $112,000 based on avoidance of purchasing either used or new books. (excluded from total)

Outsourced part of help desk operations to provide 24/7 coverage at same cost as 8-5/5, with consistently high measured satisfaction.

Phased out the ITS Mainframe, returning $964,000 savings to the institution, and reallocating $265,000 in salary savings to meet budget reduction targets, and higher priority needs.

Utilized campus wide licensing for Microsoft products at the significant aggregate savings of $100,000 annually.

Sunset central operational expenses for two research institutes, totaling $400,000.
**Automation/Streamlining** - Examples of leveraging on-line tools and/or reducing the complexity of processes.

- Implemented an investment accounting endowment system solution, Fundriver, to automate manual processes and enhance internal controls and documentation. The software has saved endowment management staff time, streamlined operations and enhanced reporting.
- Implemented remote online depositing of checks, using an office computer scanner to avoid a trip to the bank to deposit checks. Currently used by School of Nursing and the Athletics Ticket Office, and exploring expansion to Sponsored Programs and the Cashier’s Office.
- Implemented a web-based account reconciliation system to replace the paper monthly reconciliations required for all University expenditures. This created an electronic record of all University reconciliations, provided better management reporting, and improved internal controls and saved significant printing and storage costs across Grounds.
- Imaging all of Sponsored Program proposals, awards and accounting files, when complete will eliminate the need to maintain approximately 4,000 files.
- Automated processes in Human Resources, including on-line employee time and leave tracking, employee performance evaluations, I-9 online forms, benefits and on-line background checks.
- Converted print versions of materials and substitute with on-line versions. For example, eliminating the print version of the annual President's Report, student handbooks and newsletters result in an annual savings of about $150,000. The Board of Visitors adoption of a paperless system for Board materials nets an annual savings of about $30,000.
- Obtained “view only” access for Student Health clinicians to the Medical Center student electronic records, improving access to referral, imaging, in-patient and ER records, and generating cost effectiveness and efficiencies in communication regarding student cases in both areas.
- Allowed departments to make purchases under $50K from contract vendors and to purchase furniture costing less than $5,000 without central approval, resulting in reduction of 1,800 orders processed by Procurement.

**Reorganization/Partnerships** - Examples of partnerships, mergers, and new models of service.

- Executed a Collaborative Research and Development Agreement with the Department of Defense in April 2011.
- Launched the Commonwealth Center for Advanced Logistics Systems in partnership with VCU, VSU, and Longwood University.
- Created 4-VA with VT, JMU, GMU and Cisco to deploy telepresence technology to share instructional resources and expand dual enrollment.
- Launched the Virginia Nanoelectronics Center in partnership with CWM and ODU.
- Participated in a $34 million grant from DOE to study the effectiveness of the VISTA, a statewide partnership among 60+ Virginia school districts, six Virginia universities, and the Virginia DOE intended to enhance science education throughout the Commonwealth and to translate research-based best teaching practices into improved science teaching and student learning for all students at all levels. The University’s share is $1.9 million. (excluded from total)
• Broke ground in 2011 on new research and education center for the Center for Advanced Engineering and Research (CAER), a collaboration among SEAS, VT, and others (AREVA nuclear power).

• Leading the Virginia Innovation Partnership of universities, community colleges and corporations as part of Department of Commerce’s i6 Challenge.

• Expanded the Engineers PRODUCED in Virginia program, the collaborative distance-learning program with VCCS.

• Developing an on-line bachelor of professional studies program in allied health with Piedmont Virginia Community College.

• Expanded the Bachelor of Interdisciplinary Studies (BIS) program to Loudoun County and Richmond in 2012.

• Established a formal 3+1 accelerated degree pathway, allowing student to earn both a bachelor’s and master’s degree in certain programs in four years.

• Reassigned faculty in the Curry School from low-productivity graduate programs to higher-productivity STEM programs and research initiatives ($487,000 reallocated over 2012-14).

• Consolidated the Housing Division facilities maintenance and Newcomb facilities management with the central University Facilities Management, resulting in higher-quality service and more prudent use of resources, resulting in an average annual savings and cost avoidance in excess of $100,000.

• Consolidated the offices of Student Housing and Residence Life and merged the positions of Director of Housing and Director of Residence Life, yielding a savings of approximately $200,000.

• Realigned residential colleges from Provost to Student Affairs to ensure consistency in program coordination and improve efficiencies in administrative services.

• Realigned the Center for Alcohol and Substance Education from the Office of the Dean of Students to Student Health to strengthen mission, improve consistency in services and increase operational efficiencies. Subsequently received a gift to support the Center (renamed Gordie Center for Substance Abuse Prevention), resulting in a return of $170,000 in state funds.

• Combined oversight of regional centers in the School of Continuing and Professional Studies (SCPS) under the leadership of one instead of two directors (e.g. Richmond and Hampton Roads Centers now have one Regional Director).

• Shifted to a centralized structure for four core services of outreach, academic, administrative and student services in SCPS, instead of having staff to provide all services at each regional center.

• Implemented shared budget management, human resources, and technology services in Newcomb Hall and the Office of the Dean of Students, resulting in a planned reduction in staff and more integrated, efficient services.

• Merged the departments of Information Technology and Communication with Integrated System Development and Support, the two organizations that provide technology infrastructure and support, into Information Technology Services (ITS).

• Established a position in the Cost Analysis group to perform the space functionalization work to support the Facilities and Administrative Cost (F&A recovery rate). This work was previously outsourced, but a savings of approximately $33,000 annually has been realized by performing the work in-house.
• Executed new partnership with the academic division childcare services provider, Childrens’ Creative Learning Centers (CCLC), and converted an existing community childcare center to a dedicated center for University faculty, staff and students. This arrangement achieved expansion without incurring the costs of building a new facility at an estimated cost of $2 million. (excluded from total)

• Implemented a new model of library service for Curry School of Education; librarians reside within the School to provide reference service and instruction for classes and individuals and to collaborate with Curry faculty and University Library staff to support research and teaching. The model shifts the focus from maintaining and circulating physical collections to providing skilled staff expertise to focus on services to students and faculty related to support for scholarship and access to digital information.

• Virtualized public computing labs allowing us to leverage student investments in technology and approach licensing costs and desktop management in new and more scalable way. Average annual savings over a five year period is estimated to be $170,000.

• Participating in GigU, a consortium of 25 institutions seeking world-class broadband for their communities.

Organizational Effectiveness - Examples of rigorous self-study, data collection, and benchmarking of functions for improvement.

• Engaged in strategic planning and developing a comprehensive four-year financial plan.

• Hosted the 2011 Inaugural Academic Symposium, Using Evidence to Improve Teaching and Learning in Higher Education - used by CASTL-HE to study (1) the innovative teaching practices being used across the University (2) evidence-based pedagogy

• Reviewed the University Research Parks with internal and external entities to define long-term goals and propose a plan to leverage the parks to a) support the University’s academic and healthcare programs b) foster collaboration with corporate and government partners and c) support economic vitality in the region and the Commonwealth.

• Engaged in comprehensive administrative unit performance assessments in preparation for the New Internal Financial Model. There were five main, interrelated components of the assessment: Core Function Analysis, Performance Measures, Governance, Service Architecture, and Customer Feedback.

• Redefined the structure of the summer orientation program to maximize use of existing resources while maintaining program effectiveness and reduced the number of first-year sessions from eight to five.

• Reviewing AccessUVa to identify ways to control the program’s costs and preserve student yield and socio-economic diversity to the extent possible. Over the last two years, saved about $3.3 million through implementation of institutional methodology for non-federal funds, while continuing to use federal methodology for federal funds, and this year implemented additional administrative changes (such as expanded use of work-study for low-income students and a minimum student contribution) to save a projected $5 to $9 million over the next four years.
As shown in the table below, in the 29 months since August 2010, the U.Va. Medical Center created an additional $46.5M in net operating income through operational efficiencies and new partnerships, or $19.2M on an annualized basis. In a mature steady state, the recurring efficiencies created by a 0.5 reduction in the average length of stay and recurring revenues from recent acquisitions are expected to drive a $40.5M increase in net operating income on an annualized basis.

**UVAMC's Operational Efficiencies**

<table>
<thead>
<tr>
<th>Resource Optimization</th>
<th>For the period August 2010 - Present (29 months)</th>
<th>Estimated Steady State Impact 12 month period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Expense</td>
</tr>
<tr>
<td>UVA Care Connection</td>
<td>$ 2.7</td>
<td>$ 1.8</td>
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<tr>
<td>0.5 LOS reduction: New admission capacity</td>
<td>13.3</td>
<td>12.0</td>
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<tr>
<td>0.5 LOS reduction: Cost savings</td>
<td>-</td>
<td>(14.5)</td>
</tr>
<tr>
<td>Supply Chain Efficiencies</td>
<td>-</td>
<td>(10.0)</td>
</tr>
<tr>
<td>340B program</td>
<td>-</td>
<td>(10.0)</td>
</tr>
<tr>
<td>DMAS pass thru expense</td>
<td>-</td>
<td>(1.0)</td>
</tr>
<tr>
<td></td>
<td>$ 16.0</td>
<td>$ (21.7)</td>
</tr>
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<table>
<thead>
<tr>
<th>Restructuring/Reorganization</th>
<th>For the period August 2010 - Present (29 months)</th>
<th>Estimated Steady State Impact 12 month period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Washington SRS</td>
<td>$ 0.1</td>
<td>-</td>
</tr>
<tr>
<td>Winchester SRS</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HOPE operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Albemarle Arthritis Operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$2.6M CMS grant- Palliative</td>
<td>0.5</td>
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<tr>
<td>$2.7M FCC telemedicine grant</td>
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<td>-</td>
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<tr>
<td>$1M HHS telemedicine grant</td>
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<td>-</td>
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<tr>
<td>Dept. of Corrections telemedicine</td>
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<td>-</td>
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<tr>
<td>Zion's operations</td>
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<td>-</td>
</tr>
<tr>
<td></td>
<td>$ 0.6</td>
<td>-</td>
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<table>
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<tr>
<th>Organizational Effectiveness</th>
<th>For the period August 2010 - Present (29 months)</th>
<th>Estimated Steady State Impact 12 month period</th>
</tr>
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<tbody>
<tr>
<td>&quot;Patient Status&quot; billing improvement</td>
<td>$ 4.0</td>
<td>-</td>
</tr>
<tr>
<td>Secondary physician review</td>
<td>1.5</td>
<td>-</td>
</tr>
<tr>
<td>Dialysis program efficiencies</td>
<td>-</td>
<td>(2.7)</td>
</tr>
<tr>
<td></td>
<td>$ 5.5</td>
<td>(2.7)</td>
</tr>
</tbody>
</table>

**Grand Total (in $ millions)**

<table>
<thead>
<tr>
<th>For the period August 2010 - Present (29 months)</th>
<th>Estimated Steady State Impact 12 month period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 22.1</td>
<td>$ 92.1</td>
</tr>
<tr>
<td>$ (24.4)</td>
<td>$ 51.6</td>
</tr>
<tr>
<td>$ 46.5</td>
<td>$ 40.5</td>
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**Resource Optimization** - Examples of staff reductions/management, financial management, and establishing processes/procedures for better utilization.

- Established the UVA Care Connection, an exclusive scheduling portal for University employees and their families, to encourage and increase their utilization of the UVA Health System by guaranteeing appointments with primary care within 3 days and specialty care within 1 week. To date, over 20,000 appointments have been booked thru UVA Care
- Connection and at a rate that has been doubling each year since 2010. The program has led to a revenue improvement of $2.7M since inception.
- Increased UVAMC’s annual inpatient capacity by reducing the average length of an inpatient stay from 6.2 days to 5.7 days. These results were achieved by aligning LOS metrics with chair recruitment packages, increasing unit-level accountability for daily discharge metrics, targeted projects for departmental improvement (e.g. ED, Surgery), opening the Transitional Care Hospital (TCH), and by redesigning the Bed Center to optimize inpatient throughput. The 0.5 reduction in LOS is associated with a $15.8M increase in net income, $14.5M of which is due to an expense efficiency.
- Ramped up the Transitional Care Hospital (TCH) by increasing its referral base from outside facilities, which now account for nearly 50% of its referrals and more than 25% of its admissions. These results were achieved with a software package capable of gathering and reporting regional referral traffic thus enabling TCH management to target community outreach efforts.
- Identified and captured $10M in supply chain efficiencies since July 2010. Recurring savings approach $5M per year and are the result of the cross-functional program (SCOPE) that has rigorously analyzed and reduced average inventory levels and renegotiated supplier contracts.
- Entered the 340B discounted drug pricing program that was made available to disproportionate share and safety net hospitals. The program is saving $4M annually in drug costs, and also resulted in a refund of $2M related to care UVAMC had previously provided to indigent patients.
- Worked with DMAS to recognize $1.9M of UVAMC’s vendor costs related to Medicaid eligibility as a pass-thru expense, thus making 50% of these costs reimbursable to UVAMC going forward.

**Automation/Streamlining** - Examples of leveraging on-line tools and/or reducing the complexity of processes.

- Implemented enterprise-wide technology platforms that structure clinical data to streamline and standardize health care delivery processes. Select examples include the EPIC electronic health record, medication barcoding, and automated prompts for clinical decision making.
- Used telemedicine to partner with regional maternal-fetal health care providers and conduct more than 1,300 high-risk obstetrical consults. Program results include a 25% reduction in pre-term deliveries in a predominantly Medicaid population, thus avoiding costly NICU admissions.
- Used telemedicine to expand access to pediatric services including store and forward echocardiograms (Valley Health) and 24/7 pediatric subspecialty consults (Centra-Lynchburg).
- Partnered with the emergency department of Martha Jefferson Hospital to establish a tele-psychiatry program to prevent avoidable ER admissions at UVAMC (180 avoided to date).
- Partnered to create on-line teaching and training academies with the UVA-Wise Department of Nursing and the New College Institute in Martinsville for telehealth technology education.
Reorganization/Partnerships - Examples of partnerships, mergers, and new models of service.

- Partnered with the General Assembly, Governor McDonnell, and statewide healthcare organizations to pass legislation that mandated telemedicine health care coverage in Virginia starting in 2010.
- Established a new organizational model ("Outreach") that aligns the School of Medicine and the University Physician’s Group with the Health System’s strategic plan to expand geographically. The model creates a novel physician cohort ("Clinical Practice Group") with a 100% clinical focus.
- Created an exclusive partnership with MedExpress, an urgent care provider, to coordinate primary, specialty, and acute care for patients that visit all of its current and future locations within a 25 mile radius of Charlottesville and Staunton. UVA designated as the “preferred provider” for patient referrals to primary and specialty care and will provide expedited admissions for urgent care patients requiring a higher level of care.
- Partnered with Mary Washington Hospital and Winchester Medical Center to develop and manage community-based stereotactic radiosurgery programs to provide Virginians with more convenient access to UVAMC’s innovations in Gamma Knife and other stereotactic treatments. Neither of these programs required a cash investment by UVAMC and they are currently generating a total of $0.2M in annual non-operating income.
- Acquired and integrated HOPE, the largest independently operated hematology & oncology practice in Central Virginia, to accelerate UVAMC’s growth in its Cancer Center of Excellence. At maturity, HOPE is expected to annually generate $50.0M in revenues and $5.0M in net income.
- Acquired Albemarle Arthritis Associates (AAA), a rheumatology practice with three physicians. The practice is being relocated to a clinic in the Peter Jefferson complex, providing the patient community with convenient access from I64 and expanding UVA’s capacity for off-ground infusions. At maturity, AAA is expected to annually generate $8.0M in revenues and $1.5M in net income.
- Awarded a $2.6M grant from CMS to develop a new palliative care model for patients with advanced cancer by building upon UVAMC’s innovations in highly effective, same-day, palliative radiation.
- Secured a $2.7M grant from the FCC to negotiate a 35% cost reduction with telecom providers for broadband services delivered to community healthcare centers operating in Virginia. In addition, UVAMC signed a $1M partnership with the Department of Health and Human Services to provide development, technical, and program support to emerging telehealth programs in seven states and the District of Columbia.
- Extended a partnership with Department of Corrections to provide remote telemmedicine services to inmates across the Commonwealth by renewing a 5-year contract at $0.1M per year.
- Plan to open a large multi-specialty clinic at Zion’s Crossroads that will geographically expand the community’s access to primary care, multispecialty care, and advanced imaging. At maturity, the facility is expected to provide 35,000 annual patient visits for primary and specialty care, and annually generate $12.0M in net revenues and $1.0M in net income.
Organizational Effectiveness - Examples of rigorous self-study, data collection, and benchmarking of functions for improvement.

- Instituted a disciplined weekly rounding forum (“Fridays Before Five”) to improve quality and patient safety at the Medical Center. Two hundred managers and employees attend this weekly educational session prior to searching the entire hospital for areas of improvement, ensuring a constant state of survey readiness, and taking the time for personal interactions with patients.
- Redesigned the UVAMC compensation structure to increase alignment with competitive and market-based rates. Broad salary bands were narrowed and more refined job classifications were added to increase parity between employees and to improve controls necessary for a proper incentive structure. No employee’s pay was reduced as a result of this redesign. Coupled with focused efforts from Senior Leadership (e.g. employee roundtables, Uteam meetings), UVAMC’s employee engagement score increased from 68.3 to 70.3 in the last year.
- Studied “patient status” data extracted from EPIC to identify opportunities to improve billing related to the provision of medically necessary services. To date, this analysis has resulted in a $3M annual increase in net revenues due to process improvements in coding and billing.
- Engaged a vendor to conduct secondary physician reviews in order to ensure inpatient services are consistently billed. Over the last five months, this program has generated $1.5M in incremental net revenues, and $2.5M in recurring net revenues are expected on an annual basis.
- Standardized care delivery protocols, pharmacy and supply formularies, and operational processes across UVAMC dialysis programs. These efforts have nearly doubled the UVAMC operating margin in dialysis from 12% to 23% and reduced the length of stay for patients with acute kidney injury. Between FY11 and FY12, this initiative has generated a $2.7M expense reduction, which will become a recurring efficiency in future years.
- Completed an in-depth analysis of UVAMC’s 30-day readmission rate and designed a technology-centered solution to dramatically improve post-acute care coordination between UVA physicians, their patients, and the community of primary care providers.