

January 23, 1998

MEMORANDUM

TO: The Health Affairs Committee:

Charles M. Caravati, Jr., M.D., Chair
John P. Ackerly, III
William G. Crutchfield, Jr.
William H. Goodwin, Jr.
T. Keister Greer
C. Wilson McNeely, III
Albert H. Small
Hovey S. Dabney, Ex Officio

and

The Remaining Members of the Board:

Franklin K. Birckhead	Terence P. Ross
Champ Clark	Elizabeth A. Twohy
Elsie Goodwyn Holland	Henry L. Valentine, II
Kristine L. LaLonde	Walter F. Walker
James C. Wheat, III	

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs
Committee on January 23, 1998

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:05 a.m., Friday, January 23, 1998, in the East Oval Room of the Rotunda; Charles M. Caravati, Jr., Chair, presided. John P. Ackerly, III, William G. Crutchfield, Jr., William H. Goodwin, Jr., T. Keister Greer, C. Wilson McNeely, III, Albert H. Small, and Hovey S. Dabney, Rector, were present. Also present were Franklin K. Birckhead, Champ Clark, Mrs. Elsie Goodwyn Holland, Terence P. Ross, Ms. Elizabeth A. Twohy, Henry L. Valentine, II, Walter F. Walker, James C. Wheat, III, and Ms. Kristine L. LaLonde; as well as Leonard

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W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, Don E. Detmer, Peter W. Low, Ms. Colette Capone, Ms. Polley Ann McClure, L. Jay Lemons, Ronald A. Bouchard, Michael J. Halseth, and Ms. Jeanne F. Bailes.

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

The first Item, a Consent Agenda Item, was the Clinical Faculty Remuneration Plan. Dr. Cantrell reminded the Committee that Dr. R. Scott Jones, chair of the Clinical Faculty Remuneration Task Force, had given a report on the work of his group at the November meeting of the Committee (see Minutes of the meeting of the Health Affairs Committee, November 7, 1997). Dr. Cantrell said the current Plan, which was approved by the Board of Visitors in 1990, requires revision.

On motion, the Committee adopted a resolution approving the Clinical Faculty Remuneration Plan and recommended it to the Finance Committee and to the full Board for approval (see Minutes of the meeting of the Finance Committee, January 23, 1998, and the Minutes of the meeting of the Board of Visitors, January 24, 1998).

The Action Item on the Agenda was a proposed amendment to the 1998 Medical Center Budget; pointing out that the financial figures cover the period through the end of November, 1997, Dr. Cantrell asked Mr. Halseth, Executive Director of the Medical Center, to make the presentation.

Mr. Halseth told the Committee that revenues are up by 7.1% and expenses by 1.9%. He proposed a budget which would add \$1.3m in new programs. The total Fiscal Year 98 Budget, therefore, would be \$4,452,000 rather than the previous \$4,383,000.

After brief discussion, the Committee adopted a resolution approving the Budget amendment and recommended it to the Finance Committee and to the full Board for approval (see Minutes of the meeting of the Finance Committee, January 23, 1998 and Minutes of the meeting of the Board of Visitors, January 24, 1998).

Dr. Cantrell introduced Mr. Ronald Bouchard, Associate Health Sciences Vice President for Human Resources, and asked him to report on the work that has been undertaken to develop a new personnel system for the Medical Center.

Mr. Bouchard explained that the new personnel system, which is still being developed and will be brought to the Committee for approval at a later meeting, is a result of the codified autonomy granted the University by the General Assembly. To develop the system, the consulting firm Watson-Wyatt was retained to work with an internal steering committee and five task forces, each composed of management and staff employees.

Noting that above all, the new personnel system will stress flexibility and adaptability, Mr. Bouchard outlined for the Committee the features of the proposed new system.

Mr. Sandridge reminded the Committee of the history of the system described by Mr. Bouchard: in December, 1995, the Board of Visitors voted to ask the General Assembly for codified autonomy for the University in several areas, among them personnel matters at the Medical Center. The General Assembly enacted legislation during the 1996 Session to grant this authority and the Board, in June, 1996, decided to develop a new personnel system, meanwhile retaining the existing system.

Dr. Cantrell asked Mr. Halseth to give a financial report for the Medical Center, noting that the figures reflect the situation as of November 30, 1997. Preliminary figures for December are available and will be reported to the Committee at its next meeting. He noted, however, that while December is traditionally a "slow" month for the Medical Center, statistics for last month indicate that it was a "good" month.

Mr. Halseth gave a brief summary of figures: patient days are up from last year, the length of stay in hospital remains stable; the room occupancy rate has been 76% for the first six months of the fiscal year. There has been a marked increase in the use of the intensive care units whose occupancy rate has been over 90% in some months. Outpatient visits continue to increase, with a 7.2% rise during this period. Patient revenues have increased, but expenses have

risen as well. All indications are that the second six months of the fiscal year will be strong.

Mr. Goodwin asked questions about patient revenues and expenses and cautioned vigilance on reserves and operating margins.

Mr. Sandridge suggested that in his report at the next Committee meeting, Mr. Halseth address some of Mr. Goodwin's concerns.

Dr. Cantrell continued with his customary report, in which he particularly emphasized the efforts of the Health Sciences Center to manage costs effectively. Costs in medical care across the country are soaring and drugs are a notable example: he spoke of a single intravenous dose of an antibiotic costing \$100, other drugs that cost \$2200 for a single dose, and a \$10,000 chemotherapy wafer used to treat cancer of the brain. Drug costs are now being entered on computer screens and there will be restrictions on the use of expensive medicines - in other words, "corporate decisions" for very high cost drugs may be required. The Health Sciences Center, he said, is currently spending \$5m more on drugs this year than last.

Dr. Cantrell spoke of the necessity to improve the Medical Information System - and the Chair subsequently emphasized the importance of this. An interim Chief Information Officer, Mr. Hal Scott, has been in place since September and he has been working to upgrade the System.

Dr. Cantrell reminded the Committee of the extent to which physician faculty members support the Medical School through contributions of their income: approximately 45% of the Medical School budget last year came from this source. The formulas used to calculate these contributions may have to be revised and brought up to date.

In December, the University opened a cardiac catheterization unit at the Martha Jefferson Hospital, a joint venture between Martha Jefferson and the Medical Center. This will eliminate the necessity of Martha Jefferson patients being transported to the University by ambulance and it is a way of strengthening the formal relationships between the two hospitals.

Dr. Cantrell announced that the Claude Moore Professorship in Gerontology, which was established by the Board of Visitors in 1991 (see Minutes of the meeting of the Board of Visitors, December 7, 1991) contingent upon funding, has now been funded fully. The Claude Moore Professor will be nominated and recommended to the Board of Visitors for approval at the Board's next meeting.

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On motion, the meeting was adjourned at 8:55 a.m.

AGG:lh

- Copies to: Mr. John T. Casteen, III
Mr. Paul J. Forch
Dr. Robert W. Cantrell
Mr. Peter W. Low
Mr. Leonard W. Sandridge, Jr.
Mr. Robert D. Sweeney
Mr. Ernest H. Ern
Mr. William W. Harmon
Ms. Colette Capone
Ms. Polley Ann McClure
Dr. Don E. Detmer
Mr. Terry Holland
Mr. L. Jay Lemons
Ms. Louise Dudley