

March 26, 1999

MEMORANDUM

TO: The Health Affairs Committee:

Charles M. Caravati, Jr., Chair  
William G. Crutchfield, Jr.  
William H. Goodwin, Jr.  
T. Keister Greer  
Terence P. Ross  
Albert H. Small  
Joseph E. Wolfe  
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Champ Clark                      Henry L. Valentine, II  
Elsie Goodwyn Holland      Walter F. Walker  
Timothy B. Robertson      Benjamin P.A. Warthen  
Elizabeth A. Twohy          James C. Wheat, III  
J. Michael Allen

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs  
Committee

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:45 a.m., Saturday, March 27, 1999, in the East Oval Room of the Rotunda; Charles M. Caravati, Jr., M.D., Chair, presided. William G. Crutchfield, Jr., William H. Goodwin, Jr., T. Keister Greer, Terence P. Ross, Albert H. Small, Joseph E. Wolfe, and John P. Ackerly, III, Rector, were present. Mrs. Elsie Goodwyn Holland, Timothy B. Robertson, Ms. Elizabeth A. Twohy, Henry L. Valentine, II, Walter F. Walker, Benjamin P.A. Warthen, James C. Wheat, III, and J. Michael Allen also were present; as were John T. Casteen, III, Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, M.D., Peter W. Low, Ms.

Colette Capone, Ms. Polley Ann McClure, Ernest H. Ern, Gene D. Block, William E. Carter, Jr., Thomas Massaro, M.D., L. Jay Lemons, and Ms. Jeanne Flippo Bailes.

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

Dr. Cantrell introduced Mr. Carter and asked him to give the financial report for the Medical Center.

Mr. Carter prefaced his report by saying that the figures are current to the end of February.

Admissions are up for the fiscal year - 4.3% over last year and 10.6% over budget. Patient days are down 6.8% from last year and stand at 1.3% below budget. Outpatient and ED visits, though 2.6% higher than last year, are 1.6% below budget. Gross inpatient revenue was 3.6% less than budget and gross outpatient revenue was 7.1% less than budget. Although indigent care charges are \$8.8m less than budget, there has been an increase in bad debt. Contractual adjustments have brought in \$8.1m over budget, but miscellaneous revenue is \$0.3m below budget. The result is that total operating revenue is \$1.8m or .5% lower than budget, even though it is 2.7% higher than a year ago.

Operating expenses are \$11.5m or 3.9% over budget. Most of this rise is in the budget category of Medical Supplies and Pharmaceuticals. There have been increases, over budget, in Purchased Services and in Salaries and Fringe Benefits.

The result is that the Operating Margin is at \$3.5m, which is \$13.2m less than budgeted and 1.1% of operating revenue.

In response to a question from the Chair, Dr. Massaro told the Committee that everything possible is being done to contain the costs of supplies and drugs; he outlined some of the measures being employed.

In his customary report which followed, Dr. Cantrell reaffirmed the points made by Mr. Carter and Dr. Massaro about cutting costs. He expanded on these themes by discussing national health trends and policies and noted that "the government's solution to the problem so far has

been to impose increasingly stringent reporting and documentation rules and regulations on the providers that add millions to administrative costs, and that, in an age of deregulation, has made health care delivery the most regulated of all industries."

Dr. Cantrell pointed out that the Medical Center has reduced costs, but not nearly enough. Unnecessary costs must be eliminated, but this must be "done with care and thoughtfulness." The education of medical students and the fact that the Medical Center is a "last resort for many conditions" mean that some programs must be maintained, even when they lose money.

Dr. Cantrell reported that Health Sciences has raised over \$150m of its revised Campaign goal of \$160m, with 20 months to go in the Campaign. The School of Medicine had raised \$1.6m more than its goal by the end of January. At the moment, he said, the Medical Center is being inspected by the State Health Department and the Health Care Financing Administration (HCFA) inspection has begun.

On motion, the Committee went into Executive Session at 9:10 a.m.

The following motion was adopted:

That the Health Affairs committee of the Board of Visitors of the University of Virginia go into Executive Session for discussion of proprietary, business related information pertaining to the operations of the Medical Center and its departments; and where specific University personnel might be affected by such evaluation, as provided for in Section 2.1-344 (A)(1), (6), and (24) of the Code of Virginia.

The Committee resumed in Open Session at 10:00 a.m. and, on motion, adjourned.

AGG:jb

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

At a meeting of the Health Affairs Committee of the Board of Visitors of the University of Virginia held on March 26, 1999, a roll call vote was taken immediately following an executive session. Members voting "yes" certify that to the best of the Member's knowledge (1) only public business matters lawfully exempted were discussed in closed session; and (2) only public business matters identified in the public motion by which the executive or closed meeting were discussed. In accordance with the law, any member of the public body who believes that there was a departure from the foregoing shall so state prior to the vote indicating "the substance of the departure". Any such statements are recorded below under "comments".

<u>NAME</u>	<u>VOTE</u>	<u>COMMENTS</u>
	<u>yes or no</u>	
<u>John P. Ackerly, III</u>	<u>yes</u>	
<u>Charles M. Caravati, Jr.</u>	<u>yes</u>	
<u>Champ Clark</u>	<u>yes</u>	
<u>William G. Crutchfield, Jr.</u>	<u>yes</u>	
<u>William H. Goodwin, Jr.</u>	<u>yes</u>	
<u>T. Keister Greer</u>	<u>yes</u>	
<u>Mrs. Elsie Goodwyn Holland</u>	<u>yes</u>	
<u>Timothy B. Robertson</u>	<u>yes</u>	
<u>Terence P. Ross</u>	<u>yes</u>	
<u>Albert H. Small</u>	<u>yes</u>	
<u>Elizabeth A. Twohy</u>	<u>yes</u>	
<u>Henry L. Valentine, II</u>	<u>yes</u>	
<u>Walter F. Walker</u>	<u>yes</u>	
<u>Benjamin P.A. Warthen</u>	<u>yes</u>	
<u>James C. Wheat, III</u>	<u>yes</u>	
<u>Joseph E. Wolfe</u>	<u>yes</u>	
<u>J. Michael Allen</u>	<u>yes</u>	

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

Meeting Date: March 26, 1999

CERTIFICATION OF EXECUTIVE MEETING

WHEREAS the Health Affairs Committee of the Board of Visitors has convened an executive meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS Section 2.1-344.1 of the Code of Virginia requires a certification by this Health Affairs Committee that such executive meeting was conducted in conformity with Virginia law;

NOW THEREFORE BE IT RESOLVED that the Health Affairs Committee hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Health Affairs Committee.

VOTE

AYES: 17

NAYS: 0

[For each nay vote, the substance of the departure from the requirements of the Act should be described].

ABSENT DURING VOTE: 0

ABSENT DURING MEETING: 0

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