

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
MEDICAL CENTER
OPERATING BOARD
September 11, 2003**

UNIVERSITY OF VIRGINIA
MEDICAL CENTER OPERATING BOARD

Thursday, September 11, 2003
2:00 - 5:00 p.m.

Fontaine Medical Office Building II

Committee Members:

E. Darracott Vaughan, Jr. M.D., Chair
H. Christopher Alexander, III, M.D. William H. Goodwin, Jr.
William G. Crutchfield, Jr. Lewis F. Payne
Eugene V. Fife Gordon F. Rainey, Jr.
John I. Gallin, M.D. Katherine L. Smallwood, M.D.

Ex Officio Members:

George A. Beller, M.D.
Arthur Garson, Jr., M.D.
R. Edward Howell
Leonard W. Sandridge

AGENDA

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I. REPORTS BY THE VICE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE MEDICAL CENTER (Mr. Howell)	
A. Vice President's Remarks	1
B. Finance, Write-offs and Operations (Mr. Howell to introduce Larry Fitzgerald and Ms. Margaret M. Van Bree - Mr. Fitzgerald to report on Finance and Write-offs; Ms. Van Bree to report on Operations)	2
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III. EXECUTIVE SESSION

- ACTION ITEM - 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.
- Discussion of proprietary, business-related information pertaining to the operations of the Medical Center, specifically the following matters where disclosure at this time would adversely affect the competitive position of the Medical Center:
 - strategic business development initiatives with the School of Medicine for competitively enhancing health care and containing costs including review of confidential market data and market development opportunities and benchmark comparison analysis of operations;
 - confidential impact analysis of federal regulatory proposals upon business and billing operations;
 - and investment in and negotiations concerning the acquisition of an outpatient facility and opening of an off-site outpatient clinic.

Additionally, consultation with legal counsel regarding the Medical Center's joint venture with HealthSouth, and its compliance with relevant federal reimbursement regulations and accreditation standards which will also involve proprietary business information of the Medical Center and evaluation of the performance of specific Medical Center personnel.

The relevant exemptions to the Virginia Freedom of Information Act authorizing the discussion and consultation described above are provided for in Section 2.2-3711 (A) (1), (3), (6), (7) and (23) of the Code of Virginia.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

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

ACTION REQUIRED: None

DISCUSSION: The Vice President and Chief Executive Officer of the Medical Center will inform the Medical Center Operating Board of recent events that do not require formal action, but of which it should be made aware.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

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

ACTION REQUIRED: None

BACKGROUND: The Medical Center prepares a financial and operations report, including write-offs of bad debt and indigent care, and reviews it with the Executive Vice President and Chief Operating Officer before submitting the report to the Medical Center Operating Board of the Board of Visitors.

DISCUSSION:

FINANCE

After eleven months, Fiscal Year 2003 continues to surpass expectations with an operating margin which is above budget. Total operating revenue and total operating expenses are above budget, while full-time equivalent employees are below budget.

For Fiscal Year 2003, admissions are .9 percent below budget and 1.8 percent above prior year. Patient days are 1.2 percent below budget, and 3.0 percent above prior year. Length of stay is 5.6 days, which is below budget and equal to prior year. Admissions for neurosurgery and general surgery are above prior year, while admissions for psychiatry and transplant are below prior year. Same day patients are 4.7 percent below prior year.

Total operating revenue for Fiscal Year 2003 is 4.1 percent above budget and 5.1 percent above prior year. Total operating revenue includes non-recurring transactions. Fiscal Year 2003 net operating revenue includes \$2.5 million related to services provided in Fiscal Year 2002. Fiscal Year 2002 net operating revenue includes \$1.4 million for the Fiscal Year 1993 and 1995 Medicare disproportionate share (DSH) settlements.

Total operating expenses for Fiscal Year 2003 are 1.9 percent above the \$540.3 million budget and 2.1 percent above prior year expenses. Salaries and wages and purchased services are below both budget and prior year expenses. Supplies and contracts are above both budget and prior year expenses.

The number of full-time equivalent employees (FTEs) is 177 below budget and 280 below prior year. Hospital and clinic FTEs are:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>2003 Budget</u>
Hospital FTEs	4,861	4,544	4,731
Clinic FTEs	<u>467</u>	<u>504</u>	<u>494</u>
Total	5,328	5,048	5,225
 Annualized			
Salary and Wage	\$42,399	\$43,891	\$42,811
Cost per FTE			

The Fiscal Year 2003 operating margin is 5.3 percent, which is above both the budgeted margin of 3.4 percent and the prior year's 2.6 percent margin.

WRITE-OFF OF BAD DEBTS AND INDIGENT CARE

Indigent care charges totaling \$68.9 million for the period July 1, 2002, through May 31, 2003, have been written off. Recoveries during this period amounted to \$8.6 million.

The estimated cost of indigent care in Fiscal Year 2001-02 amounted to \$47.3 million of which 86% was funded through the Medicaid special disproportionate share payments. The cost of indigent care for Fiscal Year 2002-03 is estimated to be \$52.9 million of which 98% will be funded through the Medicaid special disproportionate share payments.

Bad debt charges totaling \$28.5 million for the first eleven months of fiscal year 2002-03 have been written off. During this same period, \$11.3 million was recovered through suits, collection agencies, and Virginia refund set-off.

OPERATIONS

The Medical Center continues to see growth in volume of inpatients, specifically on surgical services. At times the Medical Center is operating at close to 100% capacity throughout most areas of the hospital. We are responding by opening additional beds through the use of temporary travel staff while we recruit to fill budgeted permanent positions. In July we consolidated heart and vascular beds on the 4th floor, and opened eight (8) additional beds on our orthopedics unit. We continue to recruit staff to fully operationalize all available adult ICU beds, are expanding the Pediatric ICU capacity by one bed, and are opening five (5) additional neuroscience acute beds by the end of August. We also are expanding the telemetry capability for medicine patients. These changes underscore not only the growth in volume, but also the complexity in patient care needs. As numbers remain strong, we will bring additional beds on line throughout the year.

Significant progress has been made over the last few months to improve the environment for many outpatient and inpatient services. In May, the Outpatient Pharmacy, a consolidation of the Primary Care Pharmacy and the Barringer Pharmacy, opened in the West Complex. The new site features a robotic dispensing machine that will increase the accuracy and speed of dispensing medications to our patients. In June, the University of Virginia Outpatient Imaging Center relocated to its permanent site in Medical Office Building II in Fontaine. The University of Virginia Outpatient Imaging Center offers general radiology, ultrasound, cat scan and magnetic resonance imaging services, and will feature the first open magnetic Resonance Imaging in Central Virginia. In addition, the University of Virginia Medical Center became the first hospital in Virginia with a combined PET/CT machine, used primarily in the diagnosis of cancer. Also in June, the Heart and Vascular Center opened a clinic on the second floor of the Primary Care Center as a first step in the overall plan to expand the services of the Center. In July, the new Breast Center opened on the first floor of the West Complex and the newly renovated Surgery Clinic reopened on the fourth floor of the Outpatient Clinics Building. The obstetrical unit has recently converted its patient rooms so that every patient will now have a private room.

The Medical Center has entered into two contracts to outsource the provision of nutrition services and environmental services. Morrison Management Specialists have been the provider of nutrition service for the past ten years. Morrison Management Specialists will continue as the vendor for a five-

year period, beginning October 1, 2003, to provide patient nutritional services and to operate catering and the retail services. As part of the contract, Morrison Management Specialists will provide a \$3.1 million capital investment which will be used to remodel the West Cafeteria into a food court, remodel the East Cafeteria and create a 24/7 grill area, remodel the KCRC cafeteria and replace the cook/chill heating and cooling units used for preparation of patient meals. Morrison Management Specialists will be held to aggressive patient satisfaction results as part of the contract. Effective October 1, 2003 Sodexho will be the new vendor for environmental services, replacing Aramark. The contract is for a five-year period. The current non-management workforce will transfer to Sodexho without the loss of any jobs or a decrease in pay. Both Morrison Management Specialists and Sodexho will be supporting a Fellowship position during the length of the contacts.

The Medical Center Expansion Project continues to operate on time and on budget. Two modular operating rooms have been installed next to the Primary Care Center to respond to the increasing surgical demand. The addition of these operating rooms represents a 10% increase in available surgical time and will be used for the next two years until the volume can be accommodated in the Medical Center operating rooms currently under construction and renovation. In addition, a modular Electrophysiology (EP)/Cath Lab has been added to accommodate patient volumes while the Cath and EP Labs are undergoing renovation as part of the Medical Center Expansion Project. Medical Office Building II at Fontaine is partially occupied. Bids for the completion of the first and second floors are expected in August and planning for the third floor is underway.

The Medical Center has made significant investments in equipment to improve the care of patients and the work environment for staff. In total over \$44 million of capital expenditures occurred in Fiscal Year 2003, including approximately \$9 million in information systems, \$8 million in imaging and Picture Archiving and Communications System capabilities, approximately \$8 million in renovations to the building located at 1222 Jefferson Park Avenue, \$4 million in clinic and outpatient pharmacy renovations, \$1.2 million to purchase a property adjacent to the Medical Center and approximately \$14 million in capital equipment. Over the last two years, the Medical Center has completed the replacement of all medical/surgical and critical care patient beds. In addition, the Medical Center has recently purchased over \$600,000 of ergonomic equipment to help move patients safely and reduce the risk of job-related injuries.

Over 150 pieces of patient transfer equipment will be used throughout the Medical Center to assist staff in lifting and moving patients. This safety initiative is especially important given the size of some of our patients and the increasing age of the work force.

In an effort to improve communication with employees, the Medical Center has redesigned its newsletter to reflect the vision and direction of the organization. Bimonthly Employee Forums have been initiated to address issues of interest to employees. The July Employee Forum reviewed the Decade Plan, and the goals and opportunities presented with the restructuring of the organization. Attendance at all forums was standing room only. In addition, a newly constituted Medical Center Management Group has been formed to enhance information sharing between senior leadership and the middle management team.

In July, the Psychiatry Services received its official annual license for inpatient adult mental health and substance abuse services. This replaces our initial six-month conditional license. We also have received approval from the State for our Local Human Rights Committee and its membership. The committee is a requirement of the Department of Mental Health, Mental Retardation, and Substance Abuse Services, and provides guidance to our programs to ensure protection of human rights for patients in our inpatient psychiatric services.

In August, the University of Virginia Medical Center applied to the American Nurses Credentialing Center for Magnet Recognition. The Magnet Recognition Program is awarded to an elite group of hospitals demonstrating excellence in nursing practice, research, recruitment and retention, staffing, and patient outcomes. Participation in this program is used as a recruitment and retention tool for nursing and is viewed by the public as a benchmark of excellent nursing care.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	May FY01	May FY02	May FY03	May FY03
Net patient revenue	\$491.9	\$543.5	\$571.1	\$549.1
Other revenue	<u>12.7</u>	<u>10.3</u>	<u>10.8</u>	<u>10.1</u>
Total operating revenue	<u>\$504.6</u>	<u>\$553.8</u>	<u>\$581.9</u>	<u>\$559.2</u>
Operating expenses	458.5	504.1	514.7	500.1
Depreciation	30.8	31.1	32.0	35.8
Interest expense	<u>4.4</u>	<u>4.2</u>	<u>4.1</u>	<u>4.4</u>
Total operating expenses	<u>\$493.7</u>	<u>\$539.4</u>	<u>\$550.8</u>	<u>\$540.3</u>
Operating income (loss)	<u>\$10.9</u>	<u>\$14.5</u>	<u>\$31.1</u>	<u>\$18.9</u>
Non-operating income (loss)	<u>\$10.7</u>	<u>\$1.1</u>	<u>\$11.3</u>	<u>\$9.5</u>
Net income (loss)	<u>\$21.6</u>	<u>\$15.6</u>	<u>\$42.4</u>	<u>\$28.4</u>
Principal payment	\$3.9	\$4.0	\$4.2	\$4.2

Note: Net patient revenue includes the following non-recurring items:

- FY03 includes \$2.5 million net impact of services rendered in FY02.
- FY02 includes \$1.4 million net impact for 1993 and 1995 Medicare DSH settlements

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

Description	Most Recent Three Fiscal Years		
	May FY01	May FY02	May FY03
Assets			
Operating cash and investments	\$28.2	\$13.5	\$64.1
Patient accounts receivables	78.4	85.8	77.6
Property, plant and equipment	229.4	229.6	244.7
Depreciation reserve investments	176.2	188.1	242.8
Other assets	<u>47.2</u>	<u>63.6</u>	<u>28.3</u>
Total Assets	<u>\$559.4</u>	<u>\$580.6</u>	<u>\$657.5</u>
Liabilities			
Current portion long-term debt	\$4.4	\$4.6	\$6.0
Accounts payable & other liab	38.0	39.8	47.7
Long-term debt	88.7	84.0	119.3
Accrued leave and other LT liab	<u>17.7</u>	<u>19.2</u>	<u>19.3</u>
Total Liabilities	<u>\$148.8</u>	<u>\$147.6</u>	<u>\$192.3</u>
Fund Balance	<u>\$410.6</u>	<u>\$433.0</u>	<u>\$465.2</u>
Total Liabilities & Fund Balance	<u>\$559.4</u>	<u>\$580.6</u>	<u>\$657.5</u>

**University of Virginia Medical Center
Financial Ratios**

Description	Most Recent Three Fiscal Years			Budget/Target
	May FY01	May FY02	May FY03	May FY03
Operating margin (%)	2.2%	2.6%	5.3%	3.4%
Total margin (%)	4.2%	2.8%	7.1%	5.0%
Current ratio (x)	2.5	2.2	2.6	4.0
Days cash on hand (days)	152.0	136.8	202.2	190.0
Gross accounts receivable (days)	76.4	70.3	61.3	60.0
Average payment period (days)	30.7	29.3	34.7	30.6
Annual debt service coverage (x)	6.9	6.2	9.4	8.0
Debt-to-capitalization (%)	17.8%	16.2%	20.4%	20.0%
Capital expense (%)	7.1%	6.5%	6.6%	7.4%

**University of Virginia Medical Center
Operating Statistics**

Description	Most Recent Three Fiscal Years			Budget/Target
	May FY01	May FY02	May FY03	May FY03
Admissions	25,375	24,618	25,050	25,275
Patient days	138,036	137,444	141,596	143,267
SS/PP Patients	5,712	7,340	6,996	6,856
Average length of stay	5.5	5.6	5.6	5.7
Clinic visits	475,777	489,661	494,005	504,924
ER visits	52,078	53,933	52,707	53,176
Medicare case mix index	1.9112	1.9214	1.8758	1.9393
Net Revenue by Payor				
Medicare %	38.7%	38.6%	36.3%	36.0%
Medicaid %	14.3%	13.9%	12.8%	11.7%
Managed care %	6.3%	7.1%	6.6%	6.1%
Commercial %	9.7%	9.5%	11.0%	9.8%
Other	<u>31.0%</u>	<u>30.9%</u>	<u>33.4%</u>	<u>36.4%</u>
Total	100%	100%	100%	100%
FTE's	4,954	5,328	5,048	5,225

NOTE: The case mix index figure for FY03 may be understated. A significant amount of inpatient procedures performed in the month of May were not posted until July, possibly resulting in undercoding of certain cases, and therefore an understated CMI. An updated CMI should be available around mid-August

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 - May 31, 2003

OPERATING STATISTICAL MEASURES - May 2003

ADMISSIONS and CASE MIX - Year to Date

	FY 02	FY 03	% Change
ADMISSIONS:			
Surgical	8,854	9,528	7.6%
Medical	10,744	10,607	(1.3%)
Transplant	161	147	(8.7%)
Obstetrics	1,311	1,278	(2.5%)
Pediatrics	1,815	1,821	0.3%
Psychiatric	1,733	1,669	(3.7%)
Subtotal Acute	24,618	25,050	1.8%
Short Stay	7,340	6,996	(4.7%)
Total Admissions	31,958	32,046	0.3%
CASE MIX INDEX:			
All Acute Inpatients	1.7090	1.7160	0.4%
Medicare Inpatients	1.9214	1.8758	(2.4%)

OTHER INSTITUTIONAL MEASURES - Year to Date

	FY 02	FY 03	% Change
ACUTE INPATIENTS:			
Inpatient Days	137,444	141,596	3.0%
Average Length of Stay	5.6	5.6	0.0%
Average Daily Census	410	423	3.2%
Births	1,212	1,218	0.5%
OUTPATIENTS:			
Clinic Visits	489,661	494,005	0.9%
Average Daily Visits	2,343	2,362	0.8%
Emergency Room Visits	53,933	52,707	(2.3%)
SURGICAL CASES			
Inpatient	11,437	11,735	2.6%
Outpatient	2,525	2,321	(8.1%)
Total	13,962	14,056	0.7%

OPERATING FINANCIAL MEASURES - May 2003

REVENUES and EXPENSES - Year to Date

	FY 02	FY 03	% Change
NET REVENUES:			
Total Patient Rev.	511,289,621	538,883,924	5.4%
Appropriations	32,193,644	32,193,644	0.0%
Misc Revenue	10,362,575	10,836,124	4.6%
Total	553,845,840	581,913,692	5.1%
EXPENSES:			
Salaries and Wages	254,908,943	250,652,255	(1.7%)
Supplies and Contracts	140,148,520	160,080,295	14.2%
Purchased Services	88,950,770	83,568,591	(6.1%)
Bad Debts	19,993,083	20,390,335	2.0%
Depreciation	31,105,613	32,043,622	3.0%
Interest Expense	4,249,586	4,108,746	(3.3%)
Total	539,356,515	550,843,844	2.1%
Operating Margin	14,489,325	31,069,848	114.4%
Operating Margin %	2.6%	5.3%	104.1%
Non-Operating Revenue	1,069,353	11,304,628	N/A
Net Income	15,558,678	42,374,476	172.4%

OTHER INSTITUTIONAL MEASURES - Year to Date

	FY 02	FY 03	% Change
NET REVENUE BY PAYOR:			
Medicare	197,204,407	195,399,311	(0.9%)
Medicaid	71,069,257	69,138,807	(2.7%)
Managed Care	36,199,305	35,296,897	(2.5%)
Commercial Insurance	48,674,772	59,115,566	21.5%
Blue Cross	75,108,445	86,059,763	14.6%
Southern Health	20,553,843	25,004,214	21.7%
Tricare CHAMPUS	6,186,604	7,813,817	26.3%
Continuum	5,470,799	5,604,393	2.4%
Other	50,822,188	55,451,156	9.1%
Total Paying Patient Rev.	511,289,621	538,883,924	5.4%
Managed Care	36,199,305	35,296,897	(2.5%)
Non-Managed Care	475,090,316	503,587,027	6.0%
Total Paying Patient Rev.	511,289,621	538,883,924	5.4%
OTHER:			
Collection % of Gross Billings	72.84%	65.87%	(9.6%)
Days of Revenue in Receivables (Gross)	70.3	61.3	(12.8%)
Cost per CMI & OP-Adj Discharge	6,909	7,052	2.1%
Cost per CMI & OP-Adj Day	1,237	1,248	0.8%
Cost per Outpatient Visit	67.74	70.18	3.6%
Total F.T.E.'s	5,328	5,048	(5.3%)
F.T.E.'s Per Adjusted Occupied Bed	7.87	7.18	(8.8%)

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 - May 31, 2003

Assumptions - Operating Statistical Measures

Admissions and Case Mix Assumptions

Admissions include all admissions except normal newborns
Pediatric surgery cases are included in Pediatrics admissions
Obstetrics surgery cases are included in Obstetrics admissions
Transplant surgery cases are included in Transplant admissions
Transplants include all solid organ transplants and bone marrow transplants
All other surgery cases are counted as Surgical admissions
Surgical cases are defined by DRG
Short Stay Admissions include both short stay and post procedure patients
Case Mix Index for All Acute Inpatients is All Payor Case Mix Index from Stat Report

Other Institutional Measures Assumptions

Patient Days, ALOS and ADC figures include all patients except normal newborns
Surgical Cases are the number of patients/cases, regardless of the number of procedures performed on that patient
Split of surgical cases into inpatient and outpatient based on discharges from the Surgical Admission Suite
Inpatient surgical cases include both inpatients and short stay/post procedure patients
Outpatient surgical cases do not include those performed at VASC

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
Trigon is included in Other
Non-recurring revenue is included

Other Institutional Measures Assumptions

Collection % of Gross Billings includes appropriations
Days of Revenue in Receivables (Gross) is the BOV definition
Cost per CMI & OP-Adj Discharge and Day uses Medicare CMI to adjust
Costs for Cost per Outpatient Visit come from clinic income statement (bad debt and interest expense estimated for May report)
OP visits used in calculation of Cost per Outpatient Visit are provider based clinic visits only
FTEs are Medical Center FTEs only, does not include contract labor FTEs

NOTE: The case mix index figures for FY03 may be understated. A significant amount of inpatient procedures performed in the month of May were not posted until July, possibly resulting in undercoding of certain cases, and therefore an understated CMI. An updated CMI should be available around mid-August

MEDICAL CENTER ACCOUNTS COMMITTEE REPORT

(Dollars in Thousands)

	Year to Date 7/1/2002 5/31/2003	Annual Activity	
		Estimated 2002-03	Estimated 2001-02
<u>INDIGENT CARE (IC)</u>			
Charge Write-Offs	68,944		
Recoveries	(8,619)		
Net Charge Write-Off	<u>60,325</u>	<u>64,915</u>	<u>62,498</u>
% of Net Write-Offs to Revenue	6.96%	8.17%	8.23%
Net Medical Center IC Charges Factored to Cost (Note 2)	48,151	58,238	56,274
Medicaid Unreimbursed Cost	<u>(340)</u>	<u>(5,305)</u>	<u>(9,017)</u>
Total Indigent Care (TIC) Cost	<u>47,811</u>	<u>52,934</u>	<u>47,257</u>
State Appropriation	0.00	0.00	0.00
Medicaid Special DSA Payment (Note 1) (Note 2)	<u>47,314</u>	<u>51,615</u>	<u>40,615</u>
TIC Funding	<u>47,314</u>	<u>51,615</u>	<u>40,615</u>
TIC Funding as % of TIC Cost	99%	98%	86%
Unfunded Indigent Cost (UIC)	<u>497</u>	<u>1,319</u>	<u>6,642</u>
		Annual Activity	
<u>BAD DEBT</u>	<u>2002-03</u>	Estimated 2002-03	Estimated 2001-02
Charge Write-Offs	28,544		
Recoveries	<u>(11,310)</u>		
Net Charge Write-Offs	<u>17,234</u>	<u>17,967</u>	<u>20,233</u>
% of Net Write-Offs to Revenue	1.99%	1.90%	1.84%

Source: Medical Center
Date: 7/31/2003

Notes:

1. DSA - Disproportionate Share Adjustment-
2. Both years include the additional \$1.3 million payment which was transferred to the School of Medicine and the additional \$4.15 million which was transferred to the School of Medicine. These amounts have been exactly offset in the Total Indigent Care Cost line.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.C. Capital Projects Report

ACTION REQUIRED: None

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

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

ATTACHMENT

The University of Virginia Medical Center
Capital Projects Report

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
PRE-CONSTRUCTION				
Cancer Center- Infusion Center - expand existing outpatient cancer center clinic and infusion center.	\$1.25 M	Bonds	Jan '02	April '03 (March '04- revised)
South Garage Expansion - provide 419 additional parking spaces to replace those lost by construction, potential loss of a leased lot and for reserved parking expansion.	\$8.5 M	Bonds	Oct '00	May '04
UNDER CONSTRUCTION				
Hospital Expansion Project-horizontal expansion of University Hospital and renovation of entire second floor to accommodate complete rebuilding and expansion of the Perioperative Services and Heart Center. Additional renovations and expansion for Interventional Radiology and Clinical Laboratory. Scope change (3/03) to include additional floor for Heart Center faculty offices.	\$58 M (\$62.7 M - revised)	Bonds @ \$54 M (\$58.7 M - revised) Hospital Operating Revenues @ \$4 M	March '99	Sept '05 (March '06 -revised)

Clinical Office Building - Fontaine - fitout for Otolaryngology Clinic.	Part of \$16.75 M in Completed Section	Bonds	Jan '02	Oct '03 (Feb '04-revised) (Otolaryngology)
Critical Care Unit Expansion - additional 7 beds to the STICU in University Hospital	\$3.25 M (\$2.7 M - revised)	Medical Center Annual Capital Budget	Oct '00	March '03 (Dec '03-revised)
CONSTRUCTION COMPLETED				
Critical Care Unit Expansion - additional 7 beds to the MICU in University Hospital	\$3.25 M (\$2.7 M - revised)	Medical Center Annual Capital Budget	Oct '00	March '03 (Dec '03 - revised) COMPLETED: May '03
Breast Care Center - renovate 7,200 sq.ft. for a new Breast Care Center that combines breast imaging and breast cancer therapy	\$1.4 M	Bonds	Oct '00	April '03 (May '03 - revised) COMPLETED: June '03
Clinical Office Building - Fontaine - provide space for additional imaging and clinical care, including consolidation of the Endocrinology Clinic	\$16.75 M	Bonds	Jan '02	June '03 (shell, imaging & Endocrinology) COMPLETED: June '03

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.D. Performance Improvement

ACTION REQUIRED: None

BACKGROUND: The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and the Medicare Conditions of Participation require the Medical Center to maintain a quality program for clinical care, known as Performance Improvement.

DISCUSSION: The goal of the Performance Improvement program is to enhance the quality of clinical care provided at the Medical Center by ensuring that the organization designs processes well and systematically monitors, analyses, and improves patient outcomes.

Milestones in the Performance Improvement program for 2002 included the introduction of a new patient satisfaction survey process, the development and implementation of a new system wide pain management program and satisfactory completion of the JCAHO survey with no Performance Improvement recommendations.

For 2003, there are five main components of the Performance Improvement plan: 1) Patient Safety, 2) Staffing Effectiveness, 3) Patient Satisfaction, 4) Patient Flow and 5) Patient Outcomes.

Patient Safety is a particularly important issue for the Medical Center. The Medical Center has been actively engaged in improving patient safety for many years. We encourage risk recognition focusing on processes and systems, and our policies support organizational learning and the sharing of knowledge.

The principle patient safety goals for 2003 are: 1) Patient Identification, 2) Patient Restraint, 3) Patient Falls, 4) Medication Safety, 5) Environmental and Equipment Safety and 6) Communication.

As part of our quality enhancement and risk management processes we rely heavily on root cause analyses based on quality reporting mechanisms. The analysis of "near misses" gives insight into risks involved and provides direction on the approaches to improve care.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I.E. Integrated Healthcare Information Management System

ACTION REQUIRED: None

BACKGROUND: The Board of Visitors approved the initiation of the Integrated Healthcare Information Management System (IHIMS) Project on May 14, 1999. The core vendor for this project, IDX Systems, Inc. (IDX), was awarded the contract June 30, 1999. Because of changes in senior leadership and the focus of implementation redirected to clinical automation, the Medical Center requested the Clinical Department Chairs to reaffirm the selection of IDX as the vendor of choice, and this confirmation was completed in June 2002. The original agreement was amended and restated July 24, 2002, to reflect the clinical priority and updated milestones. During the past year, the Medical Center and IDX developed a project plan with a planned start date to incur licensing and implementation costs in Fiscal Year 2004.

DISCUSSION: The IHIMS Project is an initiative involving the integration of clinical functionality through automation in manual ambulatory clinics and replacement of the current inpatient clinical software. The use of a central clinical system will support care across the continuum and could also provide patient administrative functions such as scheduling and registration should the Medical Center choose this option in the future. This multi-year initiative establishes an electronic patient record capability and enables transformation of clinical care workflow processes.

The IHIMS Project is actively underway. Some progress items of note include:

- Tandem hardware and IDX clinical software is on-site, installed and certified as functioning.
- Conversion and interface specifications are completed and programming is underway.

- Document imaging for Finance and Medical Records has been implemented with IDX's business partner, Lanvision.
- IDX technical and application tailoring classes are underway for the Medical Center's technical team.
- Multidisciplinary clinical process teams consisting of physicians, nurses and other care providers are currently documenting existing and proposed workflows related to use of IDX software.
- The State Auditor of Public Accounts (APA) has been briefed on the IDX contract and the detailed IDX implementation project plan. The APA will be carrying out quarterly reviews of the project.

Future IHIMS deliverables include:

- Completion of existing and proposed work processes related to use of IDX software is scheduled for November 2003.
- Initial testing of IDX entry screens by the three ambulatory clinic pilots (Family Medicine, Digestive Health Center and Surgery Clinic) is scheduled for March 2004.
- Conversion of clinical results into IDX's Carecast clinical software is scheduled for November 2004.
- The three ambulatory clinic pilots are scheduled to go live on IDX's Carecast clinical software in December 2004. After evaluation, implementation will continue until all 73 clinics are completed.
- Inpatient conversion to IDX's Carecast clinical software is scheduled for March 2006. At such time, the Medical Center will have a central clinical system supporting an electronic medical record capability.

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BOARD MEETING: September 11, 2003

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II. Clinical Staff President's Remarks

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, of which the Medical Center Operating Board should be made aware, but which do not require formal action.