

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
MEDICAL CENTER
OPERATING BOARD
December 6, 2007**

UNIVERSITY OF VIRGINIA
MEDICAL CENTER OPERATING BOARD

Thursday, December 6, 2007
9:00 a.m. - 12:00 noon
Medical Center Board Room

Committee Members:

E. Darracott Vaughan, Jr., M.D., Chair	
W. Heywood Fralin	Randl L. Shure
Sam D. Graham, Jr., M.D.	Edward J. Stemmler, M.D.
Randy J. Koporc	Jane H. Woods
Vincent J. Mastracco, Jr.	John O. Wynne
Lewis F. Payne	

Ex Officio Members:

Sharon L. Hostler, M.D.
John B. Hanks, M.D.
R. Edward Howell
Leonard W. Sandridge

AGENDA

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I. ACTION ITEM	
• Endorsement to Proceed with Construction of the University of Virginia Emily Couric Clinical Cancer Center (Mr. Howell to introduce Mr. Thomas A. Harkins, Mr. Harkins to report)	1
II. REPORTS BY THE VICE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE MEDICAL CENTER (Mr. Howell)	
A. Vice-President's Remarks	2
B. Research Presentation - "What is Translational Research?" (Dr. Hostler to introduce Mark Yeager, M.D., Ph.D.; Dr. Yeager to report)	3
C. Finance, Write-offs, and Operations (Mr. Howell to introduce Mr. Larry F. Fitzgerald and Ms. Pamela F. Cipriano; Mr. Fitzgerald to report on Finance and Write-offs; Ms. Cipriano to report on Operations)	4
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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, market and resource considerations and efforts regarding the Medical Center long-range financial plan, market performance measures and strategies related to Medical Center employee recruitment and retention and Medical Center marketing efforts and the mission of patient care, education and research;
 - Confidential information and data related to the report from the Quality Subcommittee including the consideration of Quality Performance Metrics, all 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 the Medical Center's compliance with relevant federal reimbursement regulations, licensure 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), (7), and (23) 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: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: I. Endorsement to Proceed with Construction of the University of Virginia Emily Couric Clinical Cancer Center

BACKGROUND: This project constructs a 150,000 gross square foot facility at the corner of Jefferson Park Avenue and Lee Street on the site of the West Parking Garage. The project will allow the University to 1) relocate most of the Medical Center's cancer clinics to a site convenient for patients, for both parking and services in the main hospital; 2) enhance the layout, appearance, clinical integration and amenities of the clinics; and 3) support the installation of new therapeutic equipment. The program goal is to improve patient care and make the cancer center facilities more convenient. The concept, site and design guidelines have been approved by all necessary Board of Visitors Committees, and the Board of Visitors has approved a budget of \$74 million, \$25 million of which has been provided by the Commonwealth. The selection of the Zimmer-Gunsul-Frasca Partnership of Washington, as the project architects was approved on October 1, 2004.

DISCUSSION: The architects, in conjunction with the Architect for the University and Facilities Management, have completed the final design of the interiors and exterior of the building.

ACTION REQUIRED: Endorsement by the Medical Center Operating Board to proceed with construction of the University of Virginia Emily Couric Clinical Cancer Center based on the final design drawings.

ENDORSEMENT TO PROCEED WITH CONSTRUCTION OF THE UNIVERSITY OF VIRGINIA EMILY COURIC CLINICAL CANCER CENTER

RESOLVED, the Medical Center Operating Board, having seen the final design drawings for the University of Virginia Emily Couric Clinical Cancer Center, endorses the construction of the University of Virginia Emily Couric Clinical Cancer Center.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

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: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.B. Research Presentation - "What is Translational Research?"

ACTION REQUIRED: None

BACKGROUND: The Board of Visitors has undertaken a major initiative to enhance research in key areas of science and technology at the University of Virginia. As part of that initiative Mark Yeager, M.D., Ph.D., was recruited and appointed chair of the Department of Molecular Physiology and Biological Physics in the School of Medicine.

DISCUSSION: Translational research links laboratory research to clinical care. Dr. Yeager will provide an overview of translational medicine, focusing on molecular structure analysis.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

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

The first quarter of Fiscal Year 2008 ended with an operating margin of 3.1 percent, which was below the first quarter goal of 3.7 percent. To summarize the first quarter, volume was slightly below budget causing net revenue to fall below budget. Expenses were also below budget but since such a high percentage of expenses are fixed, they were not reduced adequately to compensate for the net revenue shortfall. Operating income was \$1,405,966 below budget.

Inpatient admissions were 1.3 percent below budget and 0.5 percent below prior year. Medical admissions in the first quarter of Fiscal Year 2008 increased by 5.2 percent over the first quarter of Fiscal Year 2007. At the same time, surgical admissions declined by 5.7 percent. Some of the decline in surgical cases can be attributed to the loss of key physicians in General Surgery, Obstetrics & Gynecology and Neurosurgery. The general surgeon and the neurosurgeon have been replaced, but surgical volumes will be down until the new physicians can establish their practices. Also the volume of Neurosurgery cases was negatively impacted because the Gamma Knife was out of service for one month while the machine was being replaced. Surgical cases in the main operating room were 3.7 percent lower than last year, and cases at the Outpatient Surgery Center were 7.3 percent below Fiscal Year 2007.

Patient days were 0.3 percent below budget, and the average length of stay was 5.93 days, compared to the 5.80 day budgeted length of stay. The case mix index for all acute inpatients was 1.80, which was below both budget and prior year.

Net patient service revenue through the first quarter of Fiscal Year 2008 was 2.7 percent below budget, which is consistent with the volume shortfall.

Total operating expenses for Fiscal Year 2008 through September were 1.8 percent below the \$230.3 million budget. Salaries and wages for employees on the Medical Center's payroll were below budget. Contract labor was above budget as we are required to continue the use of agency contracted labor. Medical supplies and purchased services were below budget.

Full time equivalent employees were 16 below budget and 195 greater than the prior year. Contract labor FTEs were 83 above budget and 3 above the prior year. FTEs and salary, wage and benefit cost per FTE were as follows:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>2008 Budget</u>
FTEs on Payroll	5,800	5,995	6,011
Salary, Wage and Benefit Cost per FTE on Payroll	\$63,872	\$66,068	\$67,400
Contract Labor FTEs	300	303	220
Total FTEs	6,100	6,297	6,231

OTHER FINANCIAL ISSUES

The Medical Center and the Health Services Foundation have continued to negotiate a new Anthem contract. We have come to a verbal agreement with respect to all major terms. The verbal agreement is in the process of being put into contract language by the attorneys.

WRITE-OFF OF BAD DEBTS AND INDIGENT CARE

Indigent care charges totaling \$40.3 million for the period July 1, 2007, through September 30, 2007, have been written off. Recoveries during this period totaled \$8.2 million.

Bad debt charges totaling \$11.8 million have been written off in the first quarter of Fiscal Year 2008. During this same period, \$4.4 million was recovered through suits, collection agencies, and Virginia refund set-off.

OPERATIONS REPORT

Process Improvement Initiatives

The Medical Laboratories are implementing Lean process improvement methodologies in the core laboratory, phlebotomy, and specimen management areas. Lean means the integration of the elements of laboratory testing, including people, materials and instruments, into a carefully arranged and well designed work unit in order to deliver what the customer needs - the right result, on time, every time. Ortho-Clinical Diagnostics has been retained to train laboratory staff and facilitate this work. The project will follow an aggressive 16-18 week implementation schedule and requires a significant change in employee culture and in the way laboratory testing is accomplished. This project will provide the tools necessary to improve service delivery and product quality, as well as reduce expenses and space needs. It is expected that the latter will allow us to consolidate other lab services into the Clinical Laboratory Building.

Supply Chain Initiatives

Senior leadership from the University HealthSystem Consortium, Novation (University HealthSystem Consortium's group purchasing organization), the Virginia Commonwealth University Health System and the University of Virginia Medical Center have agreed to work together to leverage the combined purchasing volume of the University of Virginia Medical Center and the Virginia Commonwealth University Health System to reduce supply costs. To achieve this goal, the four organizations are entering into a three-year agreement under which University HealthSystem Consortium and Novation will provide custom contracting services to manage a joint bid calendar, conduct market research and analysis, and coordinate Novation contract enhancements and joint procurements on behalf of the University of Virginia Medical Center and the Virginia Commonwealth

University Health System, all at no additional cost. A Steering Committee comprised of representatives from the four organizations has been formed to manage the initiative.

Secondly, the Medical Center is engaging the Renoir Group, a supply chain consulting firm specializing in the management and logistics of medical supplies and pharmaceuticals, to conduct an assessment of the Medical Center's supply chain - including a review of its related business processes, with a particular focus on physician preference items - to identify cost savings opportunities for medical supplies. Renoir Group has conducted supply chain assessments for other University HealthSystem Consortium members and has received favorable recommendations. The engagement will commence in early 2008 and will take three weeks to complete. Renoir Group will present findings and recommendations to Senior Leadership upon completion of the assessment.

Kluge Accreditation

The Kluge Children's Rehabilitation Center received word on October 8, 2007 that it has been accredited by the Commission on Accreditation of Rehabilitation Facilities through August 2010. Programs included in this accreditation include:

- Inpatient Rehabilitation Programs-Hospital (Pediatric Family-Centered)
- Outpatient Medical Rehabilitation Programs-Multiple Service (Pediatric Family-Centered)

Other Activities

On October 29, 2007, the Professional Nursing Staff Organization and Medical Center held the 4th annual Diversity Fair, attended by over 600 staff. This year's theme was "Minimizing Health Disparities-Communication is the Key".

The University of Virginia Breast Care Center was recently recognized as a Breast Imaging Center of Excellence by the American College of Radiology. This newly designated award acknowledges those centers' dedication to improving women's health by participating in a rigorous quality assurance program.

In a strategy to improve access and reduce waits for elective screening mammography, Radiology installed its second Digital Mammography unit at its Northridge location, thereby doubling the much needed capacity at this site.

On November 1, 2007, the newly renovated Labor and Delivery Operating rooms returned to service. The enlarged ORs will better enable multiple births and neonatal resuscitations that require additional equipment and staff in the OR. The rooms are outfitted with state of the art equipment and monitoring devices.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-05	Sep-06	Sep-07	Sep-07
Net patient revenue	\$209.1	\$220.2	\$227.4	\$233.7
Other revenue	<u>4.7</u>	<u>5.0</u>	<u>6.2</u>	<u>5.4</u>
Total operating revenue	<u>\$213.8</u>	<u>\$225.2</u>	<u>\$233.5</u>	<u>\$239.1</u>
Operating expenses	188.7	199.0	211.7	214.3
Depreciation	11.5	11.8	12.5	13.7
Interest expense	<u>1.3</u>	<u>1.5</u>	<u>2.0</u>	<u>2.3</u>
Total operating expenses	<u>\$201.5</u>	<u>\$212.3</u>	<u>\$226.2</u>	<u>\$230.3</u>
Operating income (loss)	<u>\$12.3</u>	<u>\$12.9</u>	<u>\$7.3</u>	<u>\$8.8</u>
Non-operating income (loss)	<u>\$6.7</u>	<u>\$31.0</u>	<u>\$5.7</u>	<u>\$6.4</u>
Net income (loss)	<u>\$19.0</u>	<u>\$43.9</u>	<u>\$13.0</u>	<u>\$15.2</u>
Principal payment	\$2.2	\$2.1	\$1.7	\$2.0

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

Description	Most Recent Three Fiscal Years		
	Sep-05	Sep-06	Sep-07
Assets			
Operating cash and investments	\$104.5	\$181.1	\$117.8
Patient accounts receivables	108.2	64.4	51.9
Property, plant and equipment	331.5	355.0	391.9
Depreciation reserve and other investments	226.7	261.5	403.6
Endowment Funds	116.1	127.0	150.5
Other assets	<u>75.1</u>	<u>100.4</u>	<u>122.1</u>
Total Assets	<u>\$962.1</u>	<u>\$1,089.4</u>	<u>\$1,237.8</u>
Liabilities			
Current portion long-term debt	\$14.2	\$14.9	\$14.9
Accounts payable & other liab	69.8	70.4	86.8
Long-term debt	125.7	163.6	153.1
Accrued leave and other LT liab	<u>64.9</u>	<u>64.1</u>	<u>133.1</u>
Total Liabilities	<u>\$274.6</u>	<u>\$313.0</u>	<u>\$387.9</u>
Fund Balance	<u>\$687.5</u>	<u>\$776.4</u>	<u>\$849.9</u>
Total Liabilities & Fund Balance	<u>\$962.1</u>	<u>\$1,089.4</u>	<u>\$1,237.8</u>

University of Virginia Medical Center
Financial Ratios

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-05	Sep-06	Sep-07	Sep-07
Operating margin (%)	5.8%	5.7%	3.1%	3.7%
Total margin (%)	8.6%	17.1%	5.5%	6.2%
Current ratio (x)	2.5	2.9	1.7	2.0
Days cash on hand (days)	154.8	190.7	217.4	190.0
Gross accounts receivable (days)	47.4	51.5	49.9	60.0
Average payment period (days)	40.7	39.1	43.8	60.4
Annual debt service coverage (x)	9.1	16.1	7.5	7.3
Debt-to-capitalization (%)	18.0%	20.1%	18.0%	20.0%
Capital expense (%)	6.4%	6.3%	6.4%	6.9%

University of Virginia Medical Center
Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Sep-05	Sep-06	Sep-07	Sep-07
Acute Admissions	7,513	7,546	7,508	7,609
Patient days	43,051	43,267	43,979	44,133
SS/PP Patients	1,895	1,699	1,761	1,713
Average length of stay	5.80	5.70	5.93	5.80
Clinic visits	149,016	154,427	155,247	157,030
ER visits	14,928	14,813	15,387	14,689
Medicare case mix index	1.96	1.93	1.93	1.96
Net Revenue by Payor				
Medicare (%)	37.30%	35.08%	34.41%	34.08%
Medicaid (%)	12.40%	11.76%	11.93%	12.85%
Commercial Insurance (%)	19.10%	18.49%	18.35%	20.19%
Anthem (%)	19.70%	18.63%	18.85%	18.51%
Southern Health (%)	6.30%	5.17%	5.23%	5.13%
Other (%)	<u>5.20%</u>	<u>10.87%</u>	<u>11.23%</u>	<u>9.24%</u>
Total	100.0%	100.0%	100.0%	100%
FTE's (including contract labor)	5,969	6,100	6,297	6,231

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 - September 2007

OPERATING STATISTICAL MEASURES - September 2007									
ADMISSIONS and CASE MIX - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	FY 07	FY 08	% Change		FY 07	FY 08	% Change		
<u>ADMISSIONS:</u>					<u>ACUTE INPATIENTS:</u>				
Surgical	3,002	2,830	(5.7%)	Inpatient Days	43,267	43,979	1.6%		
Medical	2,993	3,148	5.2%	Average Length of Stay	5.70	5.93	(4.0%)		
Transplant	59	56	(5.1%)	Average Daily Census	470	478	1.7%		
Obstetrics	526	530	0.8%	Births	452	458	1.3%		
Pediatrics	578	566	(2.1%)	<u>OUTPATIENTS:</u>					
Psychiatric	388	378	(2.6%)	Clinic Visits	154,427	155,247	0.5%		
Subtotal Acute	7,546	7,508	(0.5%)	Average Daily Visits	2,686	2,708	0.8%		
Short Stay	1,699	1,761	3.6%	Emergency Room Visits	14,813	15,387	3.9%		
Total Admissions	9,245	9,269	0.3%	<u>SURGICAL CASES</u>					
<u>CASE MIX INDEX:</u>					Main Operating Room (IP and OP)	4,606	4,435	(3.7%)	
All Acute Inpatients	1.83	1.80	(1.6%)	UVA Outpatient Surgery Center	1,921	1,781	(7.3%)		
Medicare Inpatients	1.93	1.93	0.0%	Total	6,527	6,216	(4.8%)		
OPERATING FINANCIAL MEASURES - September 2007									
REVENUES and EXPENSES - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	FY 07	FY 08	% Change		FY 07	FY 08	% Change		
<u>NET REVENUES:</u>					<u>NET REVENUE BY PAYOR:</u>				
Patient Revenue	\$ 204,487,289	\$ 210,154,333	2.8%	Medicare	\$ 71,726,678	\$ 72,305,120	0.8%		
Appropriations	15,746,258	17,208,627	9.3%	Medicaid	24,043,561	25,070,087	4.3%		
Net Patient Service Revenue	220,233,548	227,362,960	3.2%	Commercial Insurance	37,800,369	38,572,086	2.0%		
Other Operating Revenue	4,994,449	6,179,284	23.7%	Anthem	38,103,961	39,618,867	4.0%		
Total	\$ 225,227,997	\$ 233,542,244	3.7%	Southern Health	10,577,447	10,983,850	3.8%		
<u>EXPENSES:</u>					Other	22,235,272	23,604,323	6.2%	
Salaries, Wages & Contract Labor	\$ 98,572,083	\$ 105,178,248	6.7%	Total Patient Revenue	\$ 204,487,289	\$ 210,154,333	2.8%		
Supplies and Contracts	64,873,658	69,466,931	7.1%	<u>OTHER:</u>					
Purchased Services	27,221,001	27,607,913	1.4%	Collection % of Gross Billings	47.69%	44.30%	(7.1%)		
Bad Debts	8,372,739	9,426,738	12.6%	Days of Revenue in Receivables (Gross)	51.5	49.9	(3.1%)		
Depreciation	11,757,888	12,495,741	6.3%	Cost per CMI & OP-Adj Discharge	\$ 8,341	\$ 8,831	5.9%		
Interest Expense	1,497,921	2,021,687	35.0%	Cost per CMI & OP-Adj Day	\$ 1,455	\$ 1,508	3.6%		
Total	\$ 212,295,290	\$ 226,197,258	6.5%	Cost per Outpatient Visit	\$ 72.22	\$ 76.87	6.4%		
Operating Income	\$ 12,932,707	\$ 7,344,986	(43.2%)	Total F.T.E.'s (including Contract Labor)	6,100	6,297	3.2%		
Operating Margin %	5.7%	3.1%	(45.6%)	F.T.E.'s Per Adjusted Occupied Bed	7.73	7.78	0.6%		
Non-Operating Revenue	\$ 31,015,235	\$ 5,673,095	(81.7%)						
Net Income	\$ 43,947,942	\$ 13,018,081	(70.4%)						

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, bone marrow transplants and islet 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

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 & OP-Adj Discharge and Day uses Medicare CMI to adjust, and excludes bad debt
Costs for Cost per Outpatient Visit come from clinic income statement, and exclude bad debt
OP visits used in calculation of Cost per Outpatient Visit are provider based clinic visits only

MEDICAL CENTER

ACCOUNTS COMMITTEE REPORT

(Includes All Business Units)
(Dollars in Thousands)

	Year to Date September <u>2007-08</u>	<u>Annual Activity</u>	
<u>INDIGENT CARE (IC)</u>		<u>2006-07</u>	<u>2005-06</u>
Net Charge Write-Off	<u>36,998</u>	<u>113,523</u>	<u>93,577</u>
Percentage of Net Write-Offs to Revenue	7.21%	6.08%	5.61%
 Total Reimbursable Indigent Care Cost	 <u>15,104</u>	 <u>43,652</u>	 <u>40,901</u>
State and Federal Funding	15,104	43,652	40,901
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>	September <u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Net Charge Write-Offs	<u>9,427</u>	<u>32,843</u>	<u>32,286</u>
Percentage of Net Write-Offs to Revenue	1.84%	1.76%	1.93%

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: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.D. Capital Projects

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.

**The University of Virginia Medical Center
Capital Projects Report
December 2007**

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
1. Pre-Construction				
Clinical Office Building: Fontaine Avenue – Planning and design for Spine Center, Sports Medicine Clinic and Imaging	\$16.75 M (total building budget)	Bonds	Jan 2003	2009
Emily Couric Clinical Cancer Center : Construction documents under way for consolidated and comprehensive Cancer Center on site of present West Parking Deck. An additional floor (shell space) will be added for future use. Ground breaking is scheduled for April, 2008	\$74 M (including added floor)	General Fund Appropriation (@ \$25 M) , Bonds and Outside Fundraising	Oct 2004 July 2006 (B&G Committee) June 2007	2010
New Children’s Hospital: Facility programming being validated. Awaiting completion of fundraising efforts before proceeding with detailed design work	\$48 M	Bonds and Outside Fundraising	TBD	TBD
University Hospital Bed Expansion: Planning under way to increase inpatient bed capacity in University Hospital	\$80.2 M	TBD	Sept 2005 June 2007	2011

**The University of Virginia Medical Center
Capital Projects Report
December 2007**

Scope	Budget	Funding Source	BOV Approval Date	Projected Completion Date
2. Under Construction				
<p>Primary Care Center : 1st Floor renovations (2 phases) to create new central registration hub, improve phlebotomy, improve patient care services at main entrance, and relocate Medical Center Executive Offices</p>	<p>\$3.0 M (\$3.4 M revised)</p>	<p>Medical Center Annual Capital Budget</p>	<p>N/A</p>	<p>1st phase is complete; 2nd phase target is Jan 2008</p>
<p>Hospital Expansion Project: Horizontal expansion of University Hospital and renovation of entire second floor to accommodate complete rebuilding and expansion of 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. 14 new ORs completed; relocated Central Sterile Supply (CSS); 5 renovated ORs completed in February '07. The majority of the HEP project has been completed and is in operation. However, proposed changes to the OR complement, changing needs of the Interventional Heart Program, and the need to expand the Surgical Pathology suite have caused us to delay implementing the final portion of the work. It is our intent to present a revised program in February, 2008.</p>	<p>\$58.0 M (\$62.7 M revised)</p>	<p>Bonds @ \$54 M (\$58.7 M rev) + Operating Revenues @ \$4 M</p>	<p>Mar 1999</p>	<p>Fall 2006 (Revised Summer 2007) Program Revisions to OR Complement and Heart Center Under Review (Revised Completion May 2010)</p>

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.E. Graduate Medical Education

ACTION REQUIRED: None

BACKGROUND: Graduate medical education remains a cornerstone of all academic medical centers. It is within graduate medical education that we have the opportunity to secure the future of medicine with those we are educating and training. The Medical Center has more than 750 persons participating in 93 training programs - 63 programs accredited by the Accreditation Council for Graduate Medical Education and 27 medical subspecialty programs for which accreditation is not available. Additionally, the University of Virginia offers a Dentistry residency accredited by the American Dental Association, as well as three paramedical programs in Clinical Psychology, Pharmacy, and Chaplaincy.

Years past have brought challenges of the Accreditation Council for Graduate Medical Education Duty Hour Regulations; however, much of the Duty Hour Regulations are overseen by both the individual training programs and the Graduate Medical Education Office. The challenges in graduate medical education today are centered on Outcomes and Assessments, particularly what defines a successful program and a competent resident. The institution must lead programs in restructuring program goals and objectives, developing innovative tools and systems for measuring outcomes and resident competency, and maintaining the organizational culture to support these initiatives.

DISCUSSION:

Housestaff Statistics

The training year for housestaff generally is July to June, although several programs are slightly off-cycle. Medical, dental, and clinical psychology residents are appointed annually and reappointed through the Credentials Committee. Statistics for the Fiscal Year 2007 are as follows:

Departing Housestaff:

Completed training program*	254
Transferred to another program	2
Not reappointed for academic reasons	1
Resigned for personal or academic reasons	11
Terminated from program	0

* Of the 254 residents completing training, 14 were appointed to faculty positions.

New Appointments 247

Reappointments 480

Accreditation Status

Accreditation of graduate medical education programs is provided by the Accreditation Council for Graduate Medical Education. Accreditation is accomplished through a peer review process and is based upon standards and guidelines established by twenty-six specialty-specific committees, known as Residency Review Committees. The accreditation or reaccreditation process occurs periodically on a schedule set by the Residency Review Committee and is based upon documentation provided by the program director and by a reviewer following an on-site visit of the program. The current accreditation status of our programs is as follows:

- All of our 63 ACGME programs have full accreditation
 - 20 primary residency programs
 - 43 subspecialty/fellowship programs

Program success also is measured by the length of the accreditation provided by the Accreditation Council for Graduate Medical Education (ACGME) and the Residency Review Committees. It is important to note since Institutional Probation was rescinded in October 2006, all 15 of the University of Virginia ACGME programs that were eligible for 5-year accreditation received it.

- 5 year accreditation -- 35 programs
- 4 year accreditation -- 19 programs
- 3 year accreditation -- 7 programs
- 2 year accreditation -- 2 programs

The Medical Center, as the sponsoring institution for our 63 accredited programs, also undergoes periodic reviews and site visits. The next institutional site visit is tentatively scheduled for October 2009.

National Match

The Medical Center participates in the National Residency Matching Program. This is required for programs offering Post Graduate Year 1 positions and available to programs offering Post Graduation Year 2 positions. Twenty-six programs offering 147 positions participated in the 2007 Match, fourteen Categorical programs (Post Graduate Year 1 for July 2007), four Preliminary programs (Post Graduate Year 1 for July 2007), one Primary program, and seven Advanced programs (Post Graduate Year 2 for July 2008). All but one program filled its positions through the Match. The Non-Designated Preliminary Surgery program intentionally did not fill all positions offered, but did successfully fill the remaining four spots post-match.

Finance

The total direct budget for graduate medical education programs for Fiscal Year 2008 is \$44,775,982. Funds to support this program come from Medicare, Medicaid, and other government or industry sources.

In addition to continuing to fund innovative programs to support education, such as the Master Educators Award, the Graduate Medical Education Innovative Grant Program, and the Certificate Program, the Medical Center increased salaries and benefits for all graduate medical trainees in July 2007 in order to remain competitive with all Graduate Medical Education programs nationally.

Update on Graduate Medical Education Initiatives

1. Duty Hours Compliance

We have had very few issues with duty hour non-compliance over the past year. On the infrequent occasions where it has been noted, there has been swift and collaborative action on the part of the Graduate Medical Education Office and individual program to remedy the situation.

The Resident and Fellow internet-based tracking system will be replaced in February 2008 by a new system designed to monitor compliance with duty hours. New Innovations, a commercially available system in use in many academic medical centers, tracks duty hours more accurately than our current system, and allows graduate medical trainees to enter hours in real-time, rather than retrospectively.

2. Resident Supervision, Responsibilities, and Scope of Practice

The Designated Institutional Official is directly involved in monitoring resident performance issues. Each program continues to revise program policies which define the scopes of practice and supervision requirements for residents at each level of training.

Competency check lists are being developed which will provide information on each resident's competence to perform specific activities and procedures and the levels of supervision required. This information will be available to staff as a reference. The New Innovations software will have electronic procedure logs and an electronic resident portfolio that will allow updates by both the trainees and the program directors.

3. Innovations in Graduate Medical Education

The Graduate Medical Education Innovation Grant Program, created in July 2003, encourages creative projects in restructuring resident education. Funds are available for pilot programs, demonstration projects, and proof-of-concept efforts relating to improvements in resident and fellow training. Grant proposals may be submitted for consideration by faculty, housestaff, and other staff involved in graduate medical education. The principal focus is on the development or evaluation of new initiatives related to competency-based education and the development of new educational techniques, specifically simulation.

Support continues to be provided for presenting these and other innovative practices at graduate medical education conferences. The Graduate Medical Education Office held its first annual Research Day last April 30th, specifically to provide a venue for presentation of results from these awards.

For the third year, two Master Educator Awards were presented to outstanding teaching faculty members who have been leaders in Graduate Medical Education. The recipients were

Bobby Chhabra, M.D., in the Department of Orthopedic Surgery and Ajeet Vinayak, M.D., in the Department of Medicine.

The first course of the Graduate Medical Education Certificate Program was launched in July 2007. Eighteen residents and fellows joined undergraduate and graduate students from around the University to earn three credits in Epidemiology. The second course of the Certificate Program, Biostatistics, will be offered during the 2008 January winter term. Completion of these courses will earn credits towards a certificate in either Clinical Research or Public Health. Credits can also be transferred to a Masters Program. Discussions are underway to offer two additional Certificates in Leadership and Global Health.

A Graduate Medical Education Credit Program was approved and will be implemented in spring 2008. Similar to Continuing Medical Education Credits, the program will help track attendance at mandatory GME didactic sessions and acknowledge Graduate Medical Trainee participation in competency-based education.

An Institutional Graduate Medical Education Curriculum was developed and is overseen by the Graduate Medical Education Office. These evening programs, with dinner and didactic lectures, are offered quarterly and cover topics that are general to all training programs such as Fatigue Awards, Physician Wellness, and Leadership.

4. Support of Program Directors

In February 2007, a job description was created and implemented for all program directors in both accredited and non accredited programs.

Partial salary support based on the number of trainees per program was instituted on July 1, 2007.

The first annual Graduate Medical Education retreat has been scheduled for February 2008. The retreat is designed to offer educational programs to all program directors. The topic of the first retreat is "Legal Issues in Graduate Medical Education".

The Graduate Medical Education Office has instituted support of two junior program directors per year to travel to national Graduate Medical Education conferences.

Graduate Medical Education Committee Activities

The Graduate Medical Education Committee was reorganized to include subcommittees on Education, Research, Internal Reviews, and Program Director and Resident Support. Major activities of the subcommittees included redesign of the Internal Review Process. All internal reviews were conducted at the midway point between Residency Review Committee visits, as required by the Accreditation Council for Graduate Medical Education. Preparation of individual programs for their Internal Review and Residency Review Committee visit is supported and organized by the Graduate Medical Education Office. The subcommittee reviews all findings from the Internal Review and reports to the full Graduate Medical Education Committee. Any necessary action items, as well as completion of such, are recorded in the minutes.

The Research Subcommittee has codified the process by which research projects with Graduate Medical Trainee involvement are approved by the Graduate Medical Education Committee.

The Education Subcommittee has overseen all away rotations and affiliation agreements.

Resident salaries and benefits were reviewed by the Subcommittee on Program Director and Resident Support and presented to the Medical Center. The resulting new salary levels are shown in the table above.

The Graduate Medical Education Committee continued to review and approve, if appropriate, all requests for Program Director changes, all complement changes, and all Response Letters required by the Accreditation Council for Graduate Medical Education.

There were several improvements in resident support and benefits. Parking reimbursement was increased to reflect an increase in parking fees effective July 1, 2007. Stipend levels were increased by 3.5-4%, with additional funds provided for increases in housestaff healthcare premiums. New white coats were purchased for all Graduate Medical Trainees.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.F. Integrated Healthcare Information Management System

ACTION REQUIRED: None

BACKGROUND: The purpose of the Integrated Healthcare Information Management System project is to provide a central patient information system that is consistent across the continuum of care, inclusive of outpatient, emergency department, and inpatient care. The Medical Center last reported on this project to the Medical Center Operating Board in December 2006.

IDX Systems, Inc., was the original vendor for the Integrated Healthcare Information Management System project. In January 2006, IDX merged with GE Healthcare. At the time that GE assumed the Medical Center contract, IDX had missed all but the first milestone date and GE was projected to miss other milestone dates in 2006. GE established new contractual milestones with a cure plan in December 2006 but has had difficulty meeting the new milestones. Despite the delays in delivery by IDX and GE, the project remains within budget and the Medical Center continues to make progress with the implementation of systems for the ambulatory clinics, on-line access to patient results for referring physicians and the Picis critical care system.

DISCUSSION: The Integrated Healthcare Information Management System project is structured in phases and milestones in order to transform the existing information system, with the primary focus on a clinical information system from GE known as the Centricity Enterprise (formerly known as CareCast). The end-product will be an electronic patient record for inpatients and outpatients, with more efficient clinical care information workflow processes for both direct care providers and support staff. Original and revised key milestones are summarized on the attached schedule.

Integrated Health Management System Project Update December 2007

Electronic Medical Record Deliverables	IHIMS Original Target Date	Status
Medical Records document imaging-Streamline Health (formerly Lanvision)	8/2003	Completed on time.
Clinical results central repository (IDX/GE)	11/2004	Completed on time.
Ambulatory Clinic Pilots (IDX/GE) <ul style="list-style-type: none"> • Go-live in pilot clinics-order entry except Pharmacy orders • Pharmacy orders • Start clinic roll-out • Complete clinic implementation 	12/2004 12/2004 3/2005 4/2008	Delayed by GE/Revised Date: 7/2005 10/2005 2/2006 9/2008
Referring Physician Online (GE) Ability to review results on-line, request for clinic appointment secured email.	3/2005	Delayed by GE/Revised Date: 10/2007 3 Practices and Imaging Center live
Critical Care System (Picis) Establishing new schedule with Picis only. 12/2009-evaluate new GE critical care system.	11/2005	Delayed by GE/Revised Date: 1st of 7 units 3/2007
Inpatient	9/2006	Delayed by GE/Revised Date: 3/2009
Emergency Department Originally planned to be on GE but software does not support emergency workflow; funding for emergency department software will be through normal capital budget and not through IHIMS budget	None	RFP Process

Scheduling and Registration Deliverables	Target Date	Status
Scheduling (SCI)	Optional	1st pilot clinic: 7/2008

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

COMMITTEE: Medical Center Operating Board

AGENDA ITEM: II.G. 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

The School of Medicine received an \$8.6 million bequest, with \$2 million designated to fund a professorship in family medicine and the rest for unrestricted use by the school.

An anonymous grateful patient committed to leave his \$7 million estate to benefit a department in the Health System that had provided care to him.

A new \$1 million pledge will benefit cancer research and care.

The 25th Annual Charlottesville Women's 4-Miler raised an overall total of \$230,000 to benefit the UVa Cancer Center Breast Care Program. This is the largest amount in the event's history and \$100,000 more than last year.

Other gifts and pledges received include:

- A \$370,000 commitment to support cancer research;
- A \$158,000 bequest received in support of the medical alumni Class of 1952's contribution to the Claude Moore Medical Education Building;
- A \$100,000 commitment to a patient care education fund;
- A \$100,000 contribution benefiting urology research;
- A \$100,000 gift in support of lung cancer research;
- A \$100,000 contribution to fund neurogenetics research;
- A \$68,000 gift to support professorships in psychiatry and neurology;

- A \$60,000 commitment to enable the Department of Ophthalmology to purchase a piece of equipment; and
- A \$50,000 commitment to lung cancer research.

OTHER DEVELOPMENT INITIATIVES

A national foundation designated the University of Virginia as one of its Top Ten Centers for Biomedical Research this year, which will result in a minimum of \$400,000 in funding for innovative research projects in children's health.

Development communications efforts included the summer issue of *Pulse*, which was mailed to over 30,000 donors, alumni, and friends of the Health System, and a new series of campaign case materials designed for flexibility and customization. These include portfolios for the overall Health System and cancer programs, as well as brochures featuring diabetes research and the Emily Couric Clinical Cancer Center.

Between July 1, and September 30, 2007, Health System development staff made 313 face-to-face visits with donors and prospects.

CAMPAIGN PROGRESS THROUGH SEPTEMBER 30, 2007

Through the end of September, the Health System campaign total is \$332,947,999. This represents 66.58% of the campaign total, with 46.87% of the campaign period elapsed. The following table shows the Fiscal Year 2007 totals for new commitments, including new gifts and new pledges.

	FY '08	FY '07
Total new commitments (excluding payments on previously booked pledges)	\$13,742,962	\$53,630,582 ¹
New gifts	\$12,990,477	\$5,996,852
New pledges	\$752,485	\$47,633,730

¹ Includes \$45M Ivy Foundation pledge

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 6, 2007

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.