

November 9, 2000

MEMORANDUM

TO: The Health Affairs Committee:

Charles M. Caravati, Jr., M.D. Chair
H. Christopher Alexander, III, M.D.
Thomas J. Bliley, Jr.
Vincent F. Callahan, Jr.
William G. Crutchfield, Jr.
William H. Goodwin, Jr.
Terence P. Ross
Elizabeth A. Twohy
Harry J.G. van Beek
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Charles L. Glazer	Walter F. Walker
T. Keister Greer	Benjamin P.A. Warthen
Elsie Goodwyn Holland	James C. Wheat, III
Gordon F. Rainey, Jr.	Joseph E. Wolfe
Timothy B. Robertson	Stephen S. Phelan, Jr.

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs
Committee on November 9, 2000

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 10:10 a.m., Thursday, November 9, 2000, in the Rare Books Room of the Claude Moore Health Sciences Library; Charles M. Caravati, Jr., M.D., Chair, presided. Thomas J. Bliley, Jr., William G. Crutchfield, Jr., William H. Goodwin, Jr.,

Ms. Elizabeth A. Twohy, H. Christopher Alexander, III, M.D., and Harry J.G. van Beek were present.

Phillip Gibbs, M.D., was present as a special guest.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Robert W. Cantrell, M.D., Ms. Beth Hodsdon, Bruce Hillman, M.D., George Beller, M.D., Thomas Massaro, M.D., William E. Carter, Jr., Larry Fitzgerald, Ms. Linda Watson, Munsey Wheby, M.D., Toby Campbell, Ms. Katherine Lopez, and Ms. Jeanne Flippo Bailes.

Mr. Sandridge, Executive Vice President and Chief Operating Officer, introduced the first item on the Agenda, the Medical Center Financial Report with figures current as of September 30th. Mr. Fitzgerald, Associate Vice President of Health Sciences for Finance, gave the report.

Discharges of patients are up slightly from this time last year, but slightly below budget. Patient days are up from last year and running above budget for this year. Outpatient and Emergency Room visits are up from last year but running below budget for this year. Operating revenues are up significantly from last year and are running nicely above budget for this year. Operating expenses are up from last year and above budget, but overall below operating revenues. Mr. Fitzgerald noted that the cost of supplies and pharmaceuticals remains a significant problem. The operating margin stands at 5.9% for the first quarter, up from 3.9% last year and above the budgeted 5%. Mr. Fitzgerald said he thought the year end figure would be less than 5.9% but higher than the operating margin for last year.

Mr. Crutchfield commented on a recent article in the Charlottesville *Daily Progress* on the shortage of nurses and technicians at the Hospital. Mr. Fitzgerald replied that there are more nurses employed than last year, but that there are still 135 vacancies. Mr. Sandridge said the shortage of nurses is the biggest strategic decision faced by the Medical Center. Nursing shortages, he noted, are common all over the country, particularly in academic medical centers. In reply to Mr. Crutchfield's comment

that there is a higher turnover of nurses at the University than at the Martha Jefferson Hospital, he said one reason is the complexity of medical cases at the University when compared to cases at Martha Jefferson. Mr. Goodwin suggested that there be an independent evaluation of the Medical Center's nursing personnel policies.

Mr. Sandridge outlined some of the steps being taken to deal with the problem: an immediate goal is to bring the rate of turnover among nurses down to the national average.

Mr. Crutchfield said the problem continues to be primarily cultural rather than financial.

Mr. Sandridge asked Dr. Massaro, Chief of Staff, and Mr. Carter to report on the clinical strategic planning effort.

The strategic planning process began in June and will conclude in December; a final report will be available after the first of the year. Mr. Carter described the process and noted that over 100 persons have been involved. It has become evident during the planning discussions that the Medical Center's staffing problems must be resolved as a first step.

Beyond that, Mr. Carter gave a summary of market conditions for the Medical Center: location in a rural area; competition with the Martha Jefferson Hospital and the Augusta Medical Center for primary care; only a few specialties attract patients from beyond the primary and secondary service areas; the Medical Center is highly dependent on a small number of programs. The planning process, he said, will take into account market strategies to address these conditions. The strategic focus is for the Medical Center to be the referral center for this region and to expand its services to the citizens of Virginia and surrounding states.

Dr. Hillman commended the efforts of the organizers of the planning process and said it was particularly appreciated that physicians had been involved in the process.

Mr. Goodwin said there should be a discussion by the Committee of the relationship between the Medical Center and the Martha Jefferson Hospital, but that such a discussion could best be done in Executive Session.

The Chair introduced Ms. Linda Watson, Director of the Claude Moore Health Sciences Library. Ms. Watson welcomed the Committee to the Rare Books Room and reported on efforts to "create a library for the new century," which is to say the renovation and expansion of the Library. She described, too, something of the mission of the Library and its collections and resources.

Dr. Alexander commented on the Library as a resource for physicians across the state.

Dr. Cantrell introduced Dr. Munsey Wheby, Senior Associate Dean of the School of Medicine. Dr. Wheby in turn introduced two fourth year medical students, Ms. Kate Lopez and Mr. Toby Campbell. Ms. Lopez and Mr. Campbell described some of their experiences as medical students.

The Chair asked Dr. Cantrell to give his customary report.

The School of Medicine, Dr. Cantrell said, was awarded a record of over \$120 million for sponsored research in the past fiscal year. In the current fiscal year, which began July 1st, almost \$60 million has been awarded for sponsored research. These successes, Dr. Cantrell noted, underscore the importance of obtaining the funding to build MR-6. Important research efforts have been made at the School of Nursing as well: the School's Center for the Study of Complementary and Alternative Therapies has been awarded two grants for over \$4 million over five years.

Dr. Cantrell said that action by Congress is needed if medical schools and teaching hospitals are to recover from the unintended consequences of the Balanced Budget Act of 1997. Congress has addressed the question, but action is on hold until the House and the Senate return on November 14th for a "lame duck" session. Mr. Bliley added at this point that he thinks Congress will resolve the matter.

Several members of the medical faculty have received significant awards: Drs. Knaus and Mandell have been elected to the Institute of Medicine and Dr. Thorner to the American Academy of Arts and Sciences. Dean Carey has received the Cornell Medical Center Alumni Distinguished Achievement Award and is president-elect of the American Clinical and Climatological Society.

As of September 20th, the Health System's Capital Campaign had raised \$224,557,510 in cash and pledges, or 140% of its goal.

On November 16th, Dr. Cantrell noted, the Health System and The University of Virginia's College at Wise will be conducting the Southwest Virginia Health Conference at the College; the Conference will focus on major health issues in Southwest Virginia and strategies for their resolution.

On motion, the Committee adopted the following motion to go into Executive Session:

That the Health Affairs Committee of the Board of Visitors go into Executive Session to discuss proprietary business development and marketing information pertaining to community medicine initiatives, where disclosure of such information would adversely affect the competitive position of the Medical Center, and to consider the evaluation of performance of individual employees and departments; to discuss with legal counsel the status of negotiations regarding provider contracts for clinical services to be performed by the Medical Center; to evaluate the Medical Center's quality assurance initiative; and to discuss the appointment and performance of specific appointees and employees of the Medical Center. The foregoing are authorized by Section 2.1-344(A)(1, (7), (8) and (23), and Section 8.01-581.16, of the Code of Virginia.

The Committee went into Executive Session at 11:50 a.m., recessed briefly for lunch, resumed in Open Session at 2:15 p.m. and, on motion, adjourned.

AGG:jb

Copies to: Mr. John T. Casteen, III
Mr. Gene D. Block
Dr. Robert W. Cantrell
Mr. Ernest H. Ern
Mr. Paul J. Forch
Mr. William W. Harmon
Mr. Terry Holland
Mr. L. Jay Lemons
Mr. Peter W. Low
Dr. Robert E. Reynolds
Mr. Leonard W. Sandridge
Ms. Colette Sheehy
Mr. Robert D. Sweeney
Ms. Louise Dudley
Dr. George Beller
Dr. Bruce Hillman
Dr. Robert Carey
Dr. Phillip Gibbs