

September 7, 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	Timothy B. Robertson
T. Keister Greer	Walter F. Walker
Elsie Goodwyn Holland	Benjamin P.A. Warthen
Stephen S. Phelan, Jr.	James C. Wheat, III
Gordon F. Rainey, Jr.	Joseph E. Wolfe

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs Committee  
on September 7, 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, September 7, 2000, in the Conference Room of the Vice President and Provost for Health Sciences at McKim Hall; Charles M. Caravati, Jr., M.D., Chair, presided. H. Christopher Alexander, III, M.D., William G. Crutchfield, Jr.,

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William H. Goodwin, Jr., Terence P. Ross, Ms. Elizabeth A. Twohy, Harry J.G. van Beek, and John P. Ackerly, III, Rector, 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., Paul J. Forch, Robert W. Cantrell, M.D., George Beller, M.D., Robert Carey, M.D., Thomas Massaro, M.D., Bruce Hillman, M.D., William E. Carter, Jr., Larry Fitzgerald, Ms. Diane Hillman, and Ms. Jeanne Flippo Bailes.

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

The first item, Dr. Cantrell said, was a Consent Agenda item, a conflict of interest exemption involving a sponsored research contract with EluSys Therapeutics, Inc. Mr. Ronald Taylor, a member of the Medical School faculty, holds equity interests of 3.3% in the company.

On motion, the Committee adopted the necessary resolution approving a conflict of interest exemption and recommended it to the Executive Committee for approval (see Minutes of the meeting of the Executive Committee, September 7, 2000). The Committee's action and that of the Executive Committee will be reported to the full Board at its meeting on October 6, 2000.

Mr. Sandridge and Mr. Fitzgerald then gave the customary financial report for the Medical Center.

Mr. Sandridge noted that the report would be the end-of-the-year report for the fiscal year which ended June 30<sup>th</sup>.

Mr. Fitzgerald said that admissions for the Medical Center were down - below budget by 1.3% and below last year by 2.7% - but not in all services: there have been increases in Heart, Neurosciences, and Psychiatry, for example. The length of stay for patients has dropped to 5.3 days, which is 1.9% below the level of last year. Net operating revenue was up 2.9% from last year and 3.1% above budget. Mr. Fitzgerald cautioned, however, that there were unbudgeted one-time revenue windfalls, for example \$2million in Medicare payments, which might give an unwarranted impression of prosperity.

Operating expenses were \$12.1million above budget and \$2.9million above last year; the principal reason was the high cost of medical supplies.

The operating margin for FY2000 was 4.4%, or .4% above budget.

There was considerable discussion about the problem of expensive supplies and drugs; Mr. Fitzgerald outlined steps being undertaken to try to lower these costs. There was discussion, too, about how to increase the operating margin.

Mr. Carter, Senior Associate Vice President for Operations, led a discussion of capital outlay projects. Some projects - e.g., Ambulatory Care renovations, Clinical Laboratories, West Complex Parking, acquisition of property, planning for the expansion of the Hospital, the Kluge Children's Rehabilitation Center, etc. - have been approved. Others - Intensive Care units, West Radiation Therapy Center, etc. - are proposed. Mr. Carter described each project and Mr. Sandridge noted their collective value: among other reasons, they are necessary if the Medical Center is to remain competitive in its market.

Dr. Cantrell, Vice President and Provost for Health Sciences, introduced Dr. Robert Carey, Dean of the School of Medicine. Dr. Carey reviewed plans for changes in the curriculum at the Medical School. Some of the changes have been made, others are contemplated. The Curriculum Committee will review and study these changes as part of a continuing process.

Dr. Gibbs, the President of the Medical Alumni, commented that when he was a medical student, the first two years of medical school generally were pretty boring. The changes proposed by Dr. Carey, he said, will make these years much more exciting and interesting.

Dr. Cantrell and Dr. Carey led a discussion of the proposed MR6 - Medical Research Building 6. Dr. Cantrell noted that in the twenty five years he has been at the Medical School, there has always been a shortage of research space. Dr. Carey reminded the Committee that funding for research is dependent on adequate space in which researchers can do their work. Further, the ranking of medical schools depends on the amount of funds they receive for research. MR6 would provide

space for research in cancer, immunology, and infectious disease and vaccine development.

MR6 will require a construction budget of \$50million. Half of that amount will be raised privately; the other half will have to come from the state. In the last twenty years, however, the state has provided only \$14million out of the \$126million spent on capital projects by the School of Medicine. Meanwhile, the Medical School, with its own funds, is having preliminary architectural drawings made.

There was a lengthy discussion of the prospects for state funding.

Dr. Cantrell gave his customary report. He told the Committee that with four months remaining in the Health System's Capital Campaign, \$201million in gifts and pledges has been received, considerably more than the original Campaign goal of \$125million. A major gift, which will add considerably to the total, should be announced shortly. Funding for research continues to rise: the School of Medicine received \$121million for sponsored research, up from \$108million last year.

He reported that the Charlottesville television station, WVIR-TV has been broadcasting something called "House Calls" as part of the afternoon news; a member of the Medical School faculty appears on "House Calls" and talks about health questions or issues. Several members of the faculty are appearing as well on a national PBS series this month, run by Bill Moyers. The program is called "On Own Terms; Moyers on Dying."

Dr. Karen Rheuban, Associate Dean for Continuing Medical Education and Medical Director of the Telemedicine Program, is testifying this morning, Dr. Cantrell said, before the Health Subcommittee of the Commerce Committee of the United States House of Representatives. The Subcommittee invited her to talk on the impact of telemedicine on health care delivered to rural areas.

Several members of the faculty and staff are involved in the planning for a conference to be held at The University of Virginia's College at Wise on November 16<sup>th</sup> to discuss health issues in Southwest Virginia.

Dr. Cantrell told the Committee that as the fall semester begins, the Health System faces a number of issues of long term significance. These include the shortage of nurses and other caregivers, the governance of the System, and relief from the unintended consequences of the Balanced Budget Act of 1995.

Dr. Gibbs commented that at every meeting of the Health Affairs Committee he has attended, the shortage of nurses has been a principal topic. Why, he wondered, can't nurses be paid more? Dr. Cantrell replied that salaries have been increased and that the Medical Center is doing all it can presently do in this regard.

Dr. Beller suggested that the University ought to seek legislative support for programs rather than just for buildings. The President commented on this and gave something of the history of these efforts.

The Committee adopted the following motion permitting it to meet in Executive Session:

That the Health Affairs Committee of the Board of Visitors go into Executive Session to discuss proprietary market share information pertaining to the clinical operations of the Medical Center, where disclosure of such information would adversely affect the competitive position of the Medical Center; discussion of performance of specific public officers, appointees and employees of the Medical Center; and evaluation of performance of departments where such evaluation will necessarily involve discussion of the performance of specific individuals, and discussion and consideration of negotiations regarding provider services contracts for clinical services to be performed by the University of Virginia Medical Center, and consultation with legal counsel concerning federal regulations governing clinic billing practices. These items are provided for in Section 2.1-344 (A) (1), (7), (8) and (23) of the Code of Virginia.

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The Committee went into Executive Session at 12:15 p.m., resumed in Open Session at 2:25 p.m. and, on motion, adjourned.

AGG:lah

Copies to: Mr. John T. Casteen, III  
Mr. Gene D. Block  
Dr. Robert W. Cantrell  
Mr. George E. Culbertson  
Ms. Louise Dudley  
Mr. Paul J. Forch  
Mr. William W. Harmon  
Mr. Terry Holland  
Mr. Peter W. Low  
Dr. Robert E. Reynolds  
Mr. Leonard W. Sandridge  
Ms. Colette Sheehy  
Mr. Robert D. Sweeney

At a meeting of the Health Affairs Committee of the Board of Visitors of the University of Virginia held on September, 7, 2000 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>Thomas J. Bliley, Jr.</u>		<u>absent</u>
<u>Charles M. Caravati, Jr.</u>	<u>yes</u>	
<u>William G. Crutchfield, Jr.</u>	<u>yes</u>	
<u>Charles L. Glazer</u>		
<u>William H. Goodwin, Jr.</u>	<u>yes</u>	
<u>T. Keister Greer</u>		
<u>Mrs. Elsie Goodwyn Holland</u>		
<u>Mr. Gordon F. Rainey, Jr.</u>		
<u>Timothy B. Robertson</u>		
<u>Terence P. Ross</u>	<u>yes</u>	
<u>Elizabeth A. Twohy</u>	<u>yes</u>	
<u>Walter F. Walker</u>		
<u>Benjamin P.A. Warthen</u>		
<u>James C. Wheat, III</u>		
<u>Joseph E. Wolfe</u>		
<u>Stephen S. Phelan, Jr.</u>		

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

Meeting Date: September 7, 2000

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: 6

NAYS: 0

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

ABSENT DURING VOTE: 1

ABSENT DURING MEETING: 1

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