

July 8, 1998

MEMORANDUM

TO: The Health Affairs Committee:

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

and

The Remaining Members of the Board:

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

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs
Committee

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 2:05 p.m., Wednesday, July 8, 1998, at Graves' Mountain Lodge in Syria, Madison County, Virginia; Charles M. Caravati, Jr., Chair, presided. William G. Crutchfield, Jr., William H. Goodwin, Jr., T. Keister Greer, Terence P. Ross, Joseph E. Wolfe, and John P. Ackerly, III, Rector, were present. Also present were Champ Clark, Timothy B. Robertson, Ms. Elizabeth A. Twohy, Henry L. Valentine, II, Walter F. Walker (for the later portion of the meeting), Benjamin P.A. Warthen, and James C. Wheat, III; as well as Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, Robert M.

Carey, Thomas A. Massaro, Michael J. Halseth, William E. Carter, and Ms. Jeanne Flippo Bailes.

After opening the meeting and commenting that although the Health Sciences Center is a "big business," its primary purpose is medical education, the Chair asked Dr. Cantrell, Vice President and Provost for Health Sciences, to present the Agenda.

Dr. Cantrell echoed the Chair's remarks ("Academic health centers are different from community and freestanding urban hospitals, the academic health center has several major missions: patient care, health-related education and research and, as a state institution...a public service mission.") and set out the Agenda: a discussion of several elements of the Health Sciences Center and their interrelations. He defined the Health Sciences Center as the Schools of Medicine and Nursing, the Medical Center and the Health Sciences Library. He said the title "UVa Health System" has been adopted recently. The University of Virginia Health System includes patient care programs of the twenty-two clinical departments in the School of Medicine, the in and outpatient programs of the Medical Center and related clinics, and the primary care practices acquired in a 45 mile radius of Charlottesville.

Dr. Cantrell asked Dr. Massaro, Chief of Staff of the Health Sciences Center, to present an overview of health care throughout the country, emphasizing the academic medical center aspects.

Using slides and printed material distributed previously to the Committee, Dr. Massaro talked about some of the current realities of financing medical education; he noted, as a point of departure in his discussion, that there will be \$41m less available in Federal funds over the next five years.

Mr. Halseth, Executive Director of the Medical Center, continued the discussion with a description of the financial state of the Center, particularly in relation to its peer institutions.

In spite of increased efficiencies in operations, which include more effective regional arrangements with other hospitals in the area, reimbursement for indigent care continues to be very low and a significant drain on the resources of the Medical Center.

Mr. Carter, the Executive Director of the Health Services Foundation, continued the discussion with a presentation on the structure and functions of the HSF. He noted that the HSF provides not only most of the clinical services for the Medical Center but major financial support for the School of Medicine.

Dr. Carey, Dean of the School of Medicine, concluded the discussion in this portion of the meeting with a presentation on the national ranking of the Medical School. Taking the annual ratings by "US News and World Report" as an indicator, he said the School "stands on the cusp" of the top 25 in the country. In quality of students, student satisfaction and quality of residents, the Medical School ranks very high. Some of the departments rank among the top ten in the country. But in number of faculty the School ranks very low and among the 126 American medical schools, it ranks only 41st in research. In order to become one of the top 25 schools in the country, the Medical School, Dr. Carey said, must invest in research and in research space.

Dr. Carey continued to the next Agenda item, a discussion of strategies for improving the competitiveness of the Health System. He repeated his earlier statement that the Medical School must have more research space. The need is so critical, he said, that he cannot even recruit another investigator without more space. He reminded the Committee that the Board has approved a new research building of 80,000 square feet and that construction on it will begin next spring. He told the Committee that the Medical School will soon request authorization for another building of equal size; the two buildings together will provide a 20% increase in research space. He said that the President and the Congress have pledged to double the budget of the National Institutes of Health over the next five years and that the Medical School needs to be in a position to take advantage of this increase in NIH research grants.

Members urged Dr. Carey to "fast track" the new construction as much as possible. Mr. Goodwin wondered if there were other ways to finance the construction. Mr. Sandridge commented that the University intends to seek legislation to change the ways in which projects of this sort are funded.

By way of emphasizing the importance of medical research, Dr. Carey told the Committee that research and medical

education are intertwined, and he cited examples. He also noted that molecular genetics as a discipline will be increasingly important in medical education and that the Medical School will propose the creation of a Genetics Center.

Dr. Massaro continued the discussion with comments on improving the competitiveness of clinical care. It is important, he said, to enhance medical management capabilities in the Health System. The great increase in the number of outpatients, for example, means that the whole range of clinical operations must be looked at in new ways. He noted that the clinical department chairs have asked Mr. Carter to work on ways to improve patient relations. In sum, there should be better control of medical processes and ways must be found to offset indigent care losses.

Members asked Dr. Carey for figures on medical students who are Virginians. Dr. Carey said about 65% of the matriculants in any given entering class, at least in recent years, are Virginians. While statistics are not precise, he estimated that about one third of the graduates in a Medical School class will practice in Virginia and that about 50% of the medical residents completing their programs in a given year will stay in the state.

The Committee recessed at 4:05 p.m., resumed at 4:20 p.m. and, on motion, went into Executive Session.

The following motion was adopted:

That the Health Affairs Committee of the Board of Visitors go into Executive Session for the purpose of discussing proprietary, business related information of the Medical Center in connection with its proposed and existing joint ventures, and the investing of public funds where competition or bargaining is involved, when if made public initially the financial interests of the University would be adversely affected, as provided for in Section 2.1-344 (A) (6) and (24) of the Code of Virginia.

The Committee resumed in Open Session at 5:45 p.m., and, on motion, adjourned.

AGG:jb

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