

July 23, 1999

MEMORANDUM

TO: The Health Affairs Committee:

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

and

The Remaining Members of the Board:

Champ Clark	Henry L. Valentine, II
T. Keister Greer	Walter F. Walker
Elsie Goodwyn Holland	Benjamin P.A. Warthen
Timothy B. Robertson	James C. Wheat, III
Albert H. Small	Joseph E. Wolfe
Robert G. Schoenvogel	

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the Health Affairs Committee
on July 23, 1999

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 1:10 p.m., Friday, July 23, 1999, in the offices of CCA at One James Center, 901 East Cary Street, Richmond, Virginia; Charles M. Caravati, Jr., M.D., Chair, presided. Harry J.G. van Beek, William G. Crutchfield, Jr., William H. Goodwin, Jr., Terence P. Ross, and John P. Ackerly, III, Rector, were present; H. Christopher Alexander, III, M.D., participated by telephone. Also present were Henry L. Valentine, II, Benjamin P.A. Warthen, and Joseph E. Wolfe; as well as Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Robert W. Cantrell, M.D., Pat Kelly, Thomas A. Massaro, M.D., William E. Carter, Jr., and Ms. Jeanne Flippo Bailes.

W. Phillip Gibbs, M.D., President of the Medical Alumni, was present by special invitation of the Chair.

The Chair asked Dr. Cantrell, Vice President and Provost for Health Sciences, to report.

Dr. Cantrell reviewed a miscellany of items: he reminded the Committee of the recent *U.S. News and World Report* ranking of ten specialties at the University Hospital among the 50 best in the country. He reported that the School of Medicine received \$106,498,722 in sponsored research this year, up from \$88m last year. The School of Nursing received \$2.3m in the same period.

Dr. Cantrell reported that a contract has been signed for a major upgrade of the Health System's information system, which is to be called IHIMS or Integrated Health Information Management System. The vendor is IDX and the hardware for the new system should be in place by the middle of August. He did note, however, that the contract with IDX is under review because of litigation filed against thirteen health information system vendors involving patent infringement. Vinson & Elkins of Houston have been retained as counsel and are reviewing these developments.

Turning to the Capital Campaign, Dr. Cantrell noted that the original goal for the Health System was \$125m, but it was raised to \$160m in November, 1997. By the middle of May this year, that goal had been reached, with an additional \$12m in pledges. Most of the gifts, he observed, are restricted.

The new Orange Medical Clinic, on the northwestern edge of the Town of Orange, opened on July 15th. It incorporates programs in Internal Medicine and Pediatrics, as well as a Family Practitioner. There is a 12 station renal dialysis facility in the building, plus space for OB/GYN, Dermatology, Orthopaedics, Nephrology and Radiology, and other units.

There was considerable discussion about the IDX suit and questions and cautions about it raised by Members. Mr. Sandridge and Mr. Kelly, from the Office of the General Counsel, answered questions.

Dr. Cantrell then asked Dr. Massaro and Mr. Carter to discuss the Medical Center budget. He noted that an easy way to make the budget would have been simply to have made a 10% reduction "across the board," including a 10% reduction in personnel. Instead, there has been a painstakingly careful effort to make only judicious cuts; it has required, Dr. Cantrell said, "Solomonic decision-making."

Mr. Carter presented the budget for Fiscal Year 2000. The budget calls for a 4% rise in salaries in November, a contingency reserve of \$3.5m, and a provision to hire consultants to assist with cost reduction and revenue enhancement. The budget includes \$5m of undesignated cost reductions which, Mr. Carter said, the Medical Center's consultants have said are attainable.

The 4% salary rise will cost \$5.6m and is contingent on other aspects of the budget being met.

Mr. Carter outlined cost reduction initiatives from current operations, reductions which are expected to amount to \$12.6m. The budget in general, he said, projects increases in revenues and decreases in expenses.

The Chair congratulated Mr. Carter on his efforts and urged him to persevere. The budget projections must be met. Mr. Carter replied that he is optimistic about Fiscal Year 2000 but worried about Fiscal Year 2001. He explained that the effects of the Federal Balanced Budget provisions will be more apparent then; he is also concerned about decreases in revenue in general and about escalating drug costs. Dr. Massaro added that Medical Center cost and reimbursement levels, which heretofore have been lower, will soon approach those of Richmond and Northern Virginia.

Dr. Massaro then led a discussion of a study the Committee had requested at its previous meeting - a comparison of the new public authority which manages the Medical College of Virginia Hospitals, with considerations of what would have to be taken into account if a similar authority were to be established for the Medical Center.

The Committee asked that the study be continued to include comparisons with other systems - several were suggested. Mr. Crutchfield said it is important that at least one other system with a single hospital (as opposed to systems with several hospitals) be considered. Dr. Massaro and his colleagues promised to have more information for the Committee at its September meeting.

As a result of its discussion of the Fiscal Year 2000 budget and some of the financial problems facing the Medical Center, the Committee approved the following resolution and recommended it to the full Board for approval:

The following resolution was adopted:

RESOLVED that funding for indigent care and medical education be among the University's highest priority requests to the Governor and General Assembly for the 2000-2002 Biennium.

Mr. Crutchfield offered a motion to go into Executive Session

The following motion was adopted:

That the Health Affairs Committee of the Board of Visitors of University of Virginia go into Executive Session for discussion of personnel performance; and discussion of proprietary, business-related information pertaining to the possible disposition of a clinical program of the University Medical Center, where disclosure of such information would adversely affect the competitive position of the Medical Center and where such discussion will necessarily involve

consideration of the performance of specific individuals, as provided for in Section 2.1-344 (A) (1), (6), and (23) of the Code of Virginia.

The Committee went into Executive Session at 2:15 p.m.

The Committee resumed in Open Session at 4:00 p.m. The Chair announced that on invitation of Dr. Gibbs and the Medical Alumni, the September meeting of the Committee, scheduled for September 7th, will be held at 11:00 a.m. at the new Medical Alumni offices in West Main Street in Charlottesville.

On motion, the meeting was adjourned at 4:05 p.m.

AGG:jb

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

At a meeting of the Health Affairs Committee of the Board of Visitors of the University of Virginia held on July 23, 1999, 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>Charles M. Caravati, Jr.</u>	<u>yes</u>	
<u>Champ Clark</u>		
<u>William G. Crutchfield, Jr.</u>	<u>yes</u>	
<u>William H. Goodwin, Jr.</u>	<u>yes</u>	
<u>T. Keister Greer</u>		
<u>Mrs. Elsie Goodwyn Holland</u>		
<u>Timothy B. Robertson</u>		
<u>Terence P. Ross</u>	<u>yes</u>	
<u>Albert H. Small</u>		
<u>Elizabeth A. Twohy</u>		<u>absent</u>
<u>Henry L. Valentine, II</u>	<u>yes</u>	
<u>Walter F. Walker</u>		
<u>Benjamin P.A. Warthen</u>	<u>yes</u>	
<u>James C. Wheat, III</u>		
<u>Joseph E. Wolfe</u>	<u>yes</u>	
<u>Robert G. Schoenvogel</u>		
<u>H. Christopher Alexander, III</u>		<u>absent</u>
<u>Harry J.G. van Beek</u>	<u>yes</u>	

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

Meeting Date: July 23, 1999

CERTIFICATION OF EXECUTIVE MEETING

WHEREAS the Health Affairs Committee of the Board of Visitors of the University of Virginia 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: 9

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

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