

## AGENDA

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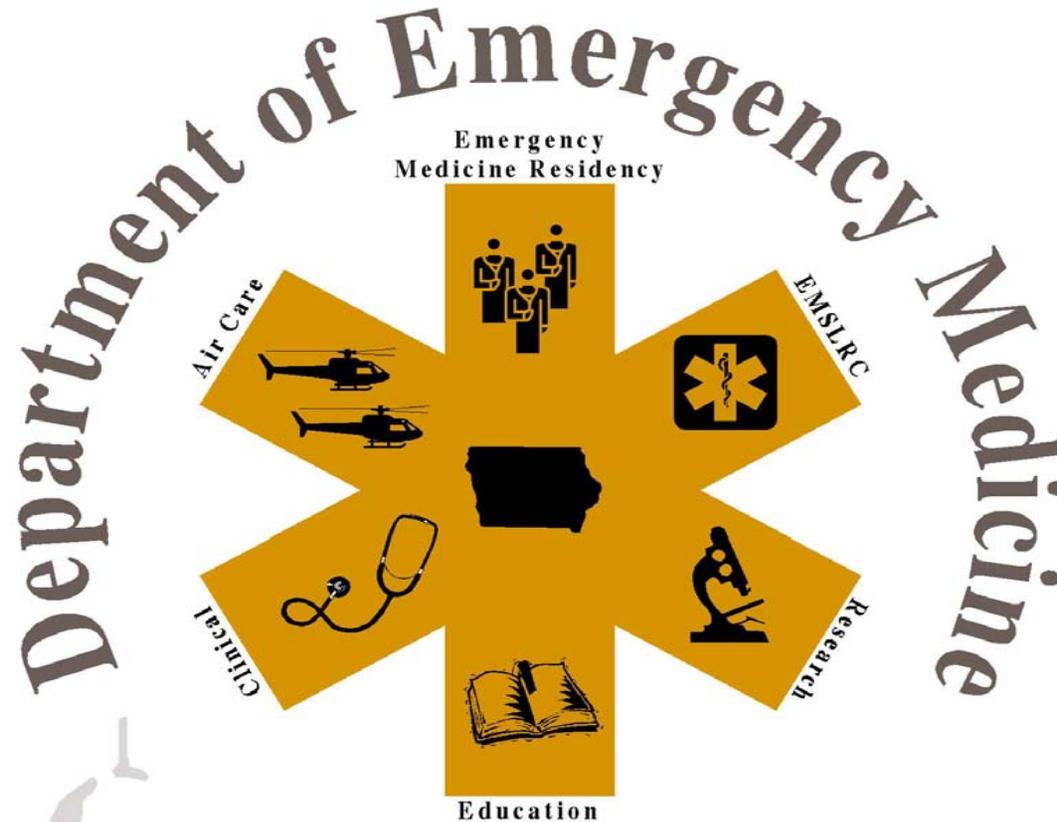
### MEETING OF THE BOARD OF REGENTS, STATE OF IOWA, AS THE BOARD OF TRUSTEES OF THE UNIVERSITY OF IOWA HOSPITALS AND CLINICS

February 2nd, 2006  
Ames, Iowa

- |           |  |  |
|-----------|--|--|
| (5 Min.)  | I. Introductory Comments   | David J. Skorton; President, The University of Iowa  |
| (30 Min.) | II. A. Emergency Medicine Program and Trauma Care at UIHC  | Donna Katen-Bahensky, Director and Chief Executive Officer<br>Eric Dickson, M.D.; Associate Professor and Head, Department of Emergency Medicine |
| (20 Min.) | B. Director's Report   | Donna Katen-Bahensky   |
| (15 Min.) | C. FYTD November 2005 Operating and Financial Performance Report Including Institutional Scorecard | Donna Katen-Bahensky   |
| (20 Min.) | D. IowaCare Update   | Donna Katen-Bahensky   |

# Emergency Medicine Program and Trauma Care at UIHC

Eric Dickson, M.D.  
Associate Professor and Head,  
Department of Emergency Medicine



UNIVERSITY of IOWA  
HOSPITALS & CLINICS  
University of Iowa Health Care



# Mission statement

Provide high quality emergency care to persons with acute illness and injury while improving emergency care for all through education and research.



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## Components of Emergency Medical Systems

- Dispatch (911)
- Response (First responders, EMTs and paramedics)
- Transport (Air and ground based ambulance)
- Emergency Departments



## Emergency Medical Service in Iowa

- 1,123 EMS services primarily staffed by first responders and EMTs. 80% are volunteer.
- 140,000 patients transported per year to 117 Emergency Departments.
- 1,073,552 Total Emergency Department Visits.



## Iowa's EMS work force

- There are 1,823 registered paramedics in Iowa.
- The University of Iowa's Emergency Medical Services Learning Resource Center (EMSLRC) has trained over 900 paramedics.
- There are 117 emergency departments in Iowa, staffed by ~ 500 physicians. Less than 20% of the physicians working in Iowa's Emergency Departments are trained in Emergency Medicine.



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# The Emergency Medical Services Learning Resource

- Iowa's largest paramedic training program.
- Provides a wide range of emergency care training from basic CPR courses to advanced trauma life support.



## Iowa's Emergency Medicine Residency

- 6-8 residents per year, training for three years.
- Partnering with St Luke's Hospital in Cedar Rapids, which provides a community experience.
- Used to train new graduates and to retrain physicians from other specialties.

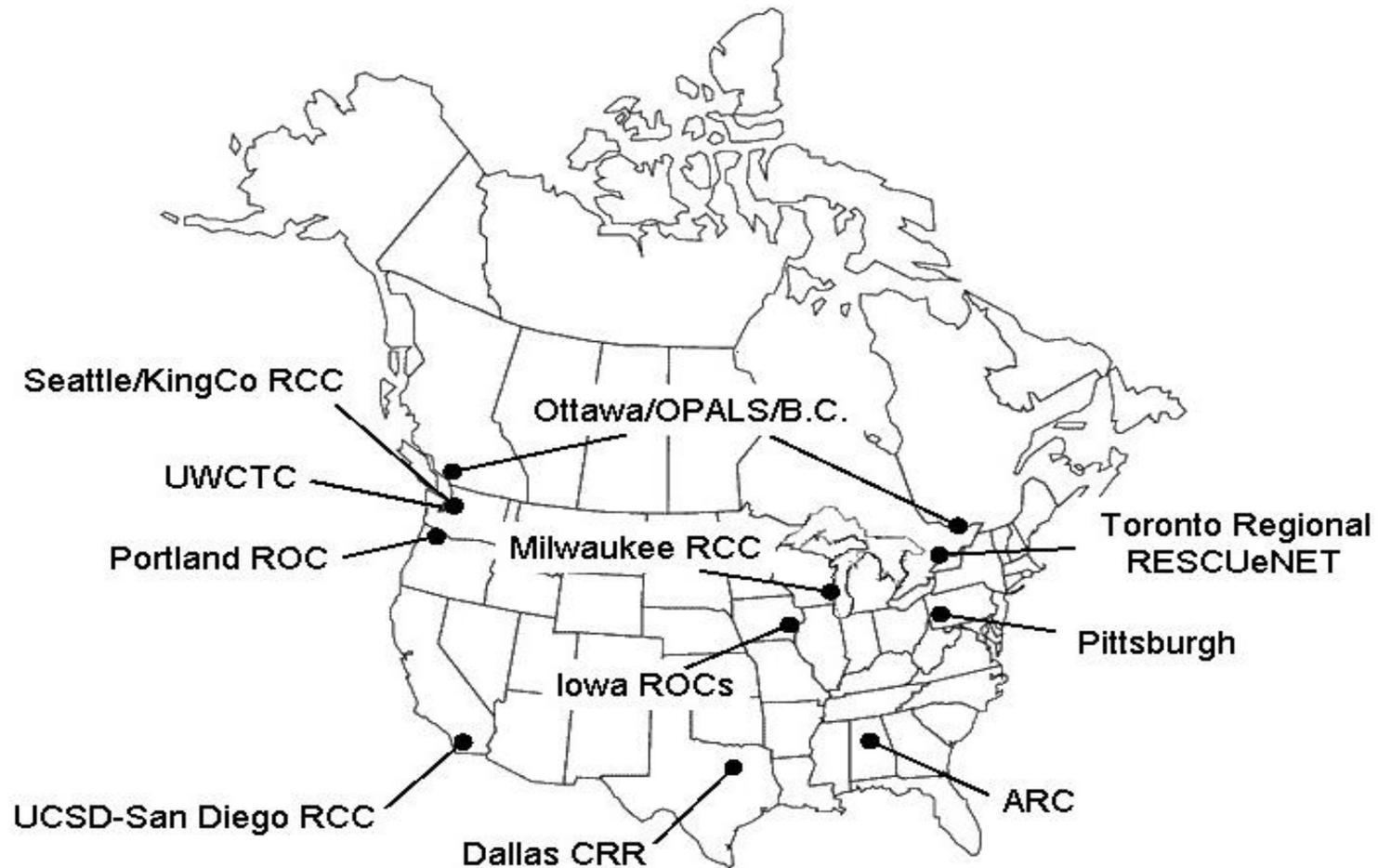


## Emergency Medicine Simulation Laboratory

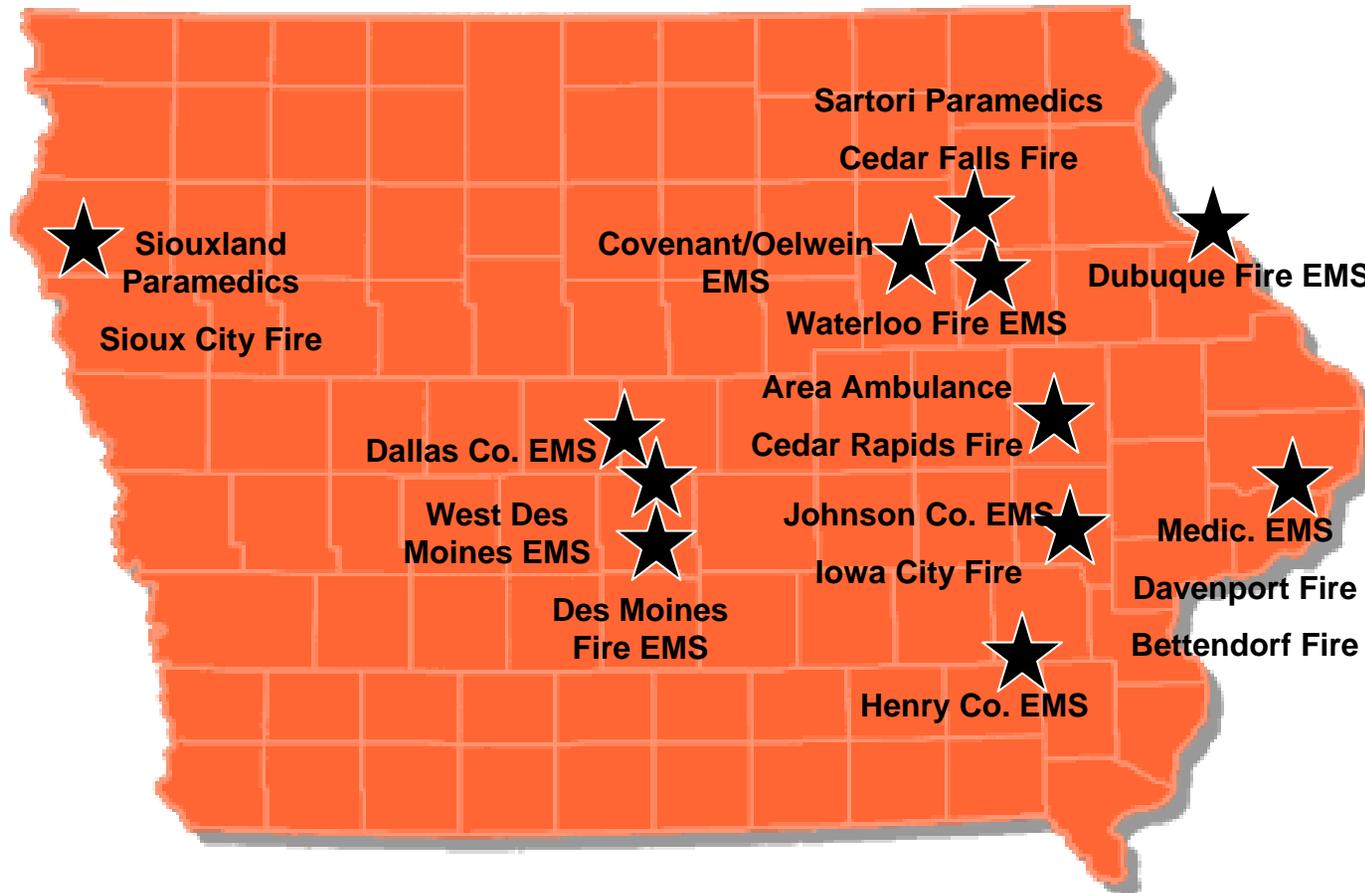


- Provides training for all levels of providers.
- Realistic pediatric and adult manikin simulators that talk, breathe, have a pulse and can undergo all standard lifesaving procedures that must be learned by Emergency Care providers.

# Resuscitation Outcomes Consortium



## The Iowa Resuscitation Network



**12 EMS Systems – 350 Medics – 68 ALS Ambulances – 60 Fire Apparatus - 400 First Responders – 18 Hospitals – 13 IRBs**

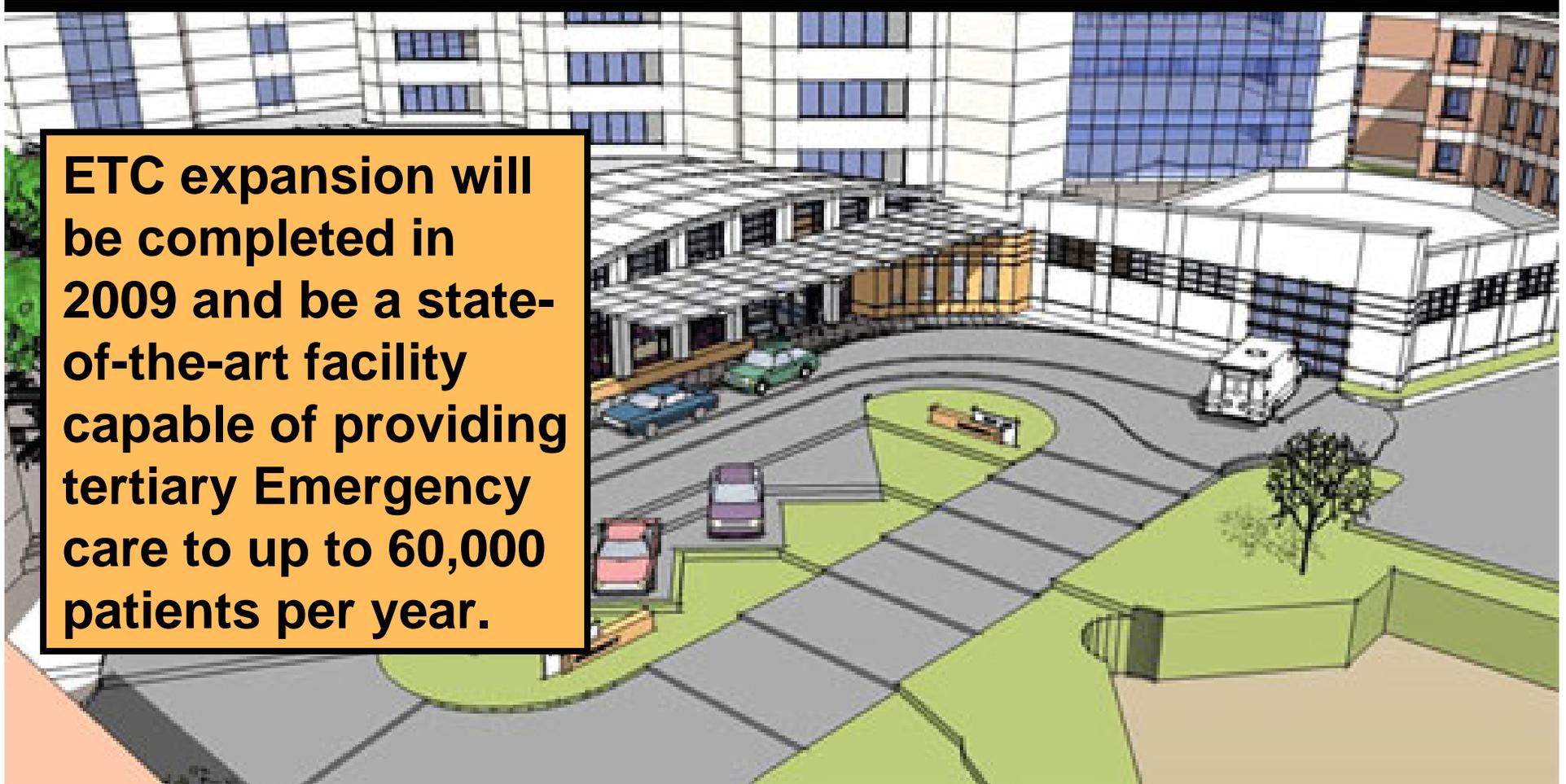


## Emergency Treatment Center

- The Emergency Treatment Center is a tertiary referral center that supports other Emergency Departments by providing comprehensive emergency services not available elsewhere.
  - 34,000 patient visits per year
  - 9,000 inpatient admissions
  - Primary access point for UIHC's Level One Trauma Center

# EMERGENCY TREATMENT CENTER

**ETC expansion will be completed in 2009 and be a state-of-the-art facility capable of providing tertiary Emergency care to up to 60,000 patients per year.**

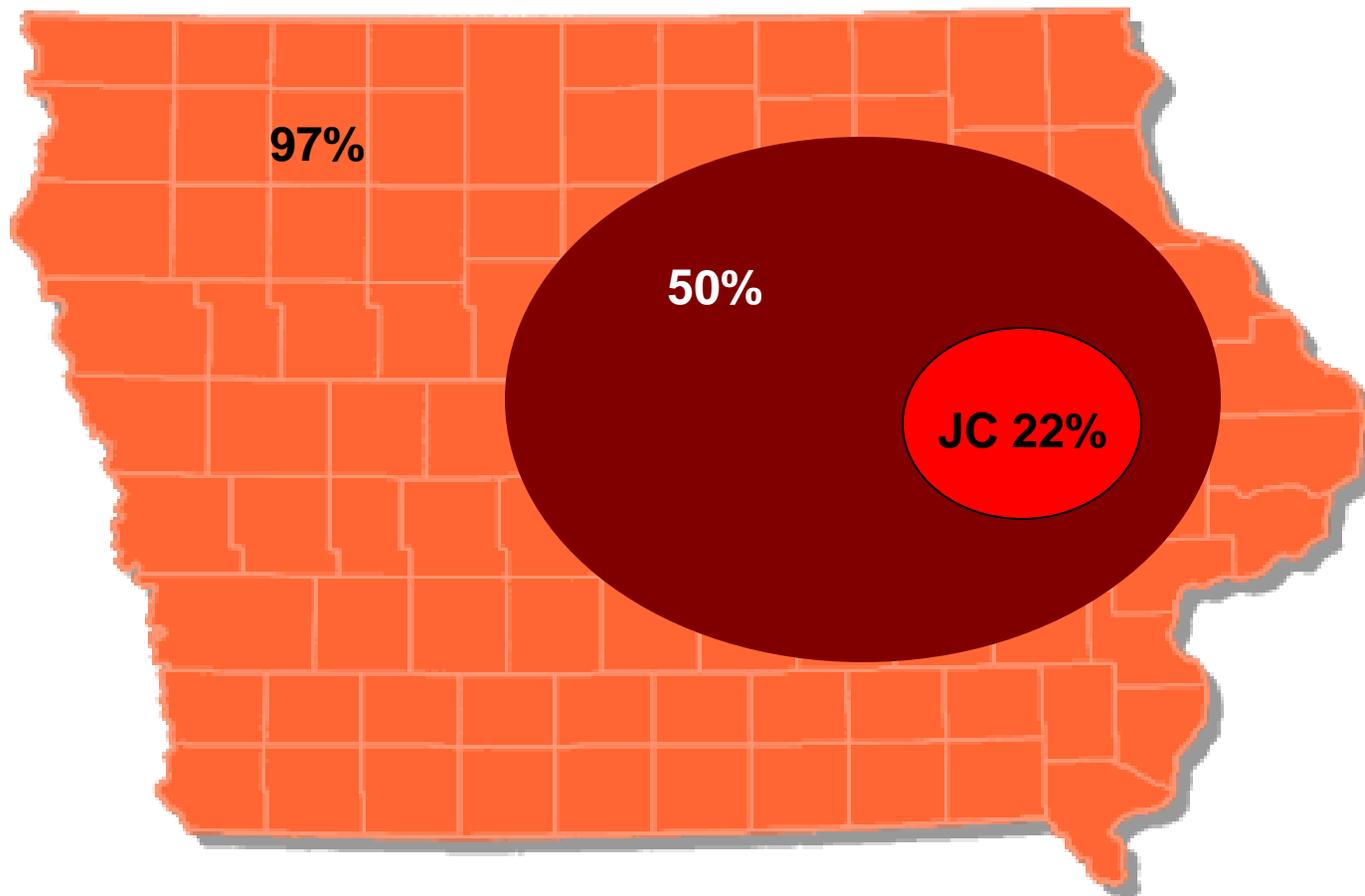




## Level One Trauma Center

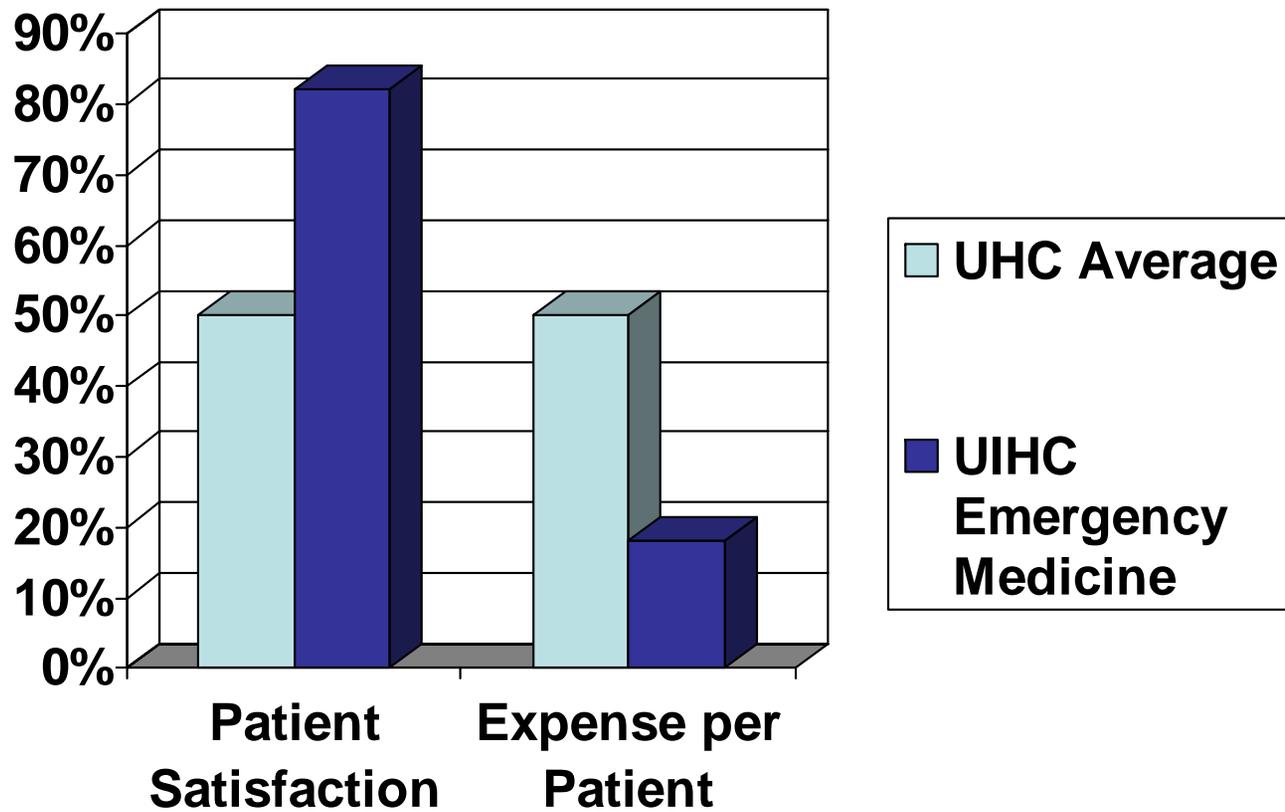
- One of two level one trauma centers in Iowa, and the only one designated as such by the American Trauma Society.
- 2,500 patients per year.
- All patients immediately evaluated by a team of physicians.
- Requires tremendous resource commitment with limited reimbursement.

## Home address of ICU Admissions from Emergency Treatment Center



**3% out of state**

## University Healthcare Consortium (UHC) Percentile Rank



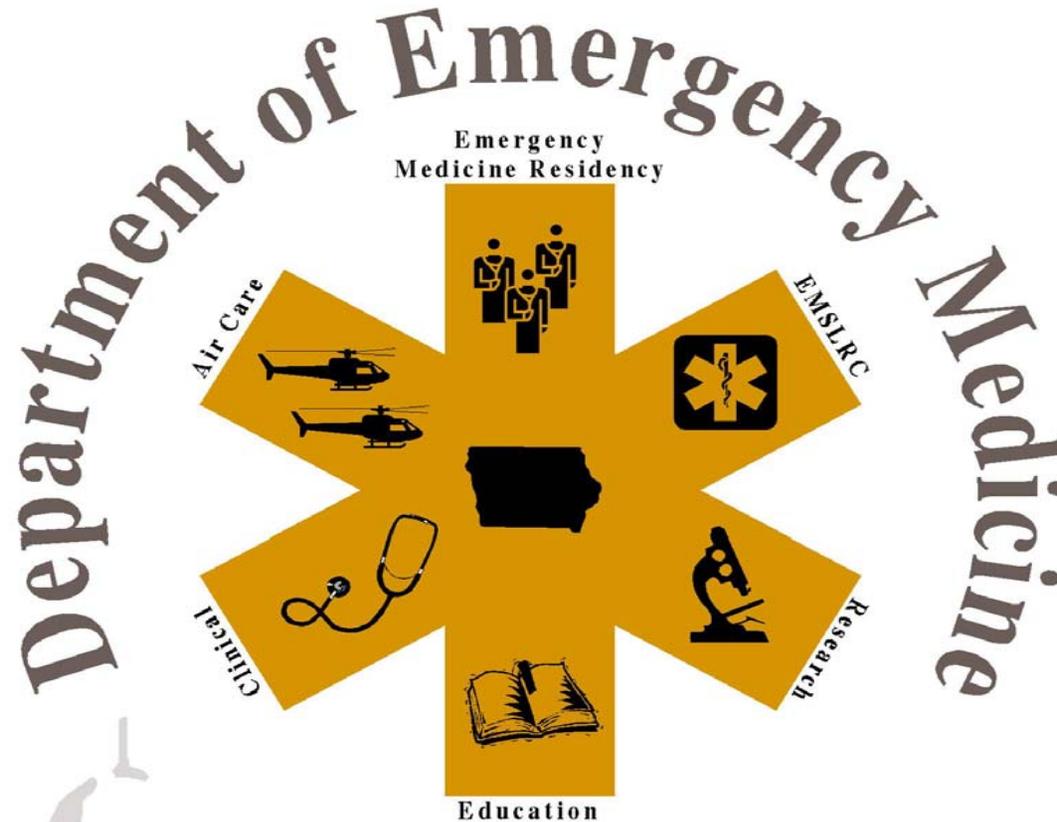


## AirCare

- AirCare, the 12th Air Ambulance in the country and the first in Iowa. Two helicopters (Waterloo and Iowa City) and two ground ambulances.
- Since 1978 has flown over 20,000 missions and 3 million miles.
- Crews composed of nurses, physicians, and neonatal nurse specialists depending on need.







UNIVERSITY of IOWA  
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# Director's Report

Donna Katen-Bahensky  
Director and Chief Executive Officer

## Director's Report

- I. Updated Annual Work Plan
- II. Recruitment
- III. UIHC Marketing Campaign: Spring 2006
- IV. Primary Care North
- V. Pathology Surveys
- VI. Recognition and Honors
- VII. FY 2005 Year-end Market Share Report
- VIII. National Legislative Update
- IX. Ambulatory Care Status Report
- X. Clinical Information System Update
- XI. Lean Sigma Update
- XII. Update from UHC Governance Meeting

## Updated Draft of Trustees' Annual Work Plan

<p>March 22-23, 2006 Ottumwa</p>	<p>May 3-4, 2006 Iowa City</p>	<p>June 21-22, 2006 Okoboji</p>
<ol style="list-style-type: none"> <li>1. Director's Report</li> <li>2. Operating and Financial Performance Report Through January, 2006 Including Institutional Scorecard</li> <li>3. Update on IowaCare</li> <li>4. FY2007 Environmental Assessment and Budget Assumptions</li> <li>5. Hospital-to-Hospital Transfers</li> <li>6. Department of Otolaryngology – Dr. Bruce Gantz</li> </ol>	<ol style="list-style-type: none"> <li>1. Director's Report</li> <li>2. Operating and Financial Performance Report for Third Quarter FY2006</li> <li>3. Update on IowaCare</li> <li>4. Preliminary FY2007 Budget and Proposed Rate Increase</li> <li>5. Investment in Recruitment of Clinical Leadership with CCOM</li> <li>6. Information Technology Strategies and Applications – Mr. Lee Carmen and Dr. Dan Fick</li> </ol>	<ol style="list-style-type: none"> <li>1. Director's Report</li> <li>2. Operating and Financial Performance Report Through April, 2006</li> <li>3. Update on IowaCare</li> <li>4. Final FY2007 Budget and Rate Increase Approval</li> <li>5. State of Cardiovascular and Thoracic Surgery in Iowa – Dr. Mark Iannettoni</li> </ol>

## Recruitment

- Head of Ophthalmology

- Dr. Keith Carter, professor of ophthalmology in the University of Iowa Roy J. and Lucille A. Carver College of Medicine, has been named permanent head of the UI Department of Ophthalmology.
- Dr. Carter attended medical school at Indiana University in Indianapolis, Indiana. He completed his residency at the University of Michigan Affiliated Hospitals in Ann Arbor, MI; and a fellowship at the University of Iowa Hospitals and Clinics in Iowa City, IA.
- Dr. Carter's clinical expertise includes Ophthalmology, Reconstructive Surgery, Oculoplastic Surgery, Oculoplastics and Orbit.



- Ongoing Recruitment Efforts

- Head, Department of Neurology
- Head, Department of Dermatology
- Medical Director, Transplant Surgery
- Associate Hospital Director, Children's Hospital of Iowa Administrator

## UIHC Marketing Campaign – Spring 2006

- Continuation of “Changing Medicine, Changing Lives”<sup>®</sup> campaign
  - Originally introduced in the spring of 1999.
  - Re-introduced in the fall of 2004 with “the academic difference” theme.
- Areas of emphasis
  - Cancer care
  - Children’s Hospital of Iowa
  - Heart care
  - Neurosciences
  - Academic medical center advantage
- Placement
  - Television, radio, print
  - Primary and secondary service areas, central Iowa, statewide

## Primary Care North

- The Primary Care Clinic North (PCCN) opened on November 7, 2005.
- Provides primary health care services to adult patients eligible for care under the IowaCare program.
- Designed to enhance our ability to provide timely access to primary care services and continuity of care for a greater number of Iowans who were previously underserved.
- Provides a unique service in which the social worker creatively seeks medication assistance for all PCCN patients.
- Provides pharmacist consultation services to assist in identification of the most cost-effective medication plans.
- In addition to the provision of primary care services, PCCN has also established processes to see patients for pre-operative evaluations and will be initiating an Anticoagulation Service.

## Pathology Surveys

- Enhancing quality – sustained efforts at comprehensive quality management contributed to two highly successful recent inspections at UIHC.
- Special Function Laboratories
  - There were no Type I citations and only two supplemental recommendations resulting from the JCAHO inspection of all UIHC Special Function Laboratories.
  - The Pathology Department Quality Unit worked very closely with the Department of Nursing and the staff in each of the Special Function Labs to achieve this result.
- Main Pathology Labs
  - There were only two Phase II and two Phase I citations resulting from the very comprehensive inspection of the main Pathology Labs by the College of American Pathologists and the American Association of Blood Banks.
  - The inspectors recommended that a paper should be published about the innovative Pathology Quality Program and designated the new Blood Center bar code based transfusion system as a "Best Practice" for other institutions to emulate.
- In both cases, the results of the inspections were among the best ever obtained at UIHC, and full (two-year) certifications were achieved.

## Recognition and Honors

- Heart and Hands Award
  - Recognizes outstanding and exceptional volunteer service to the community or The University of Iowa. Award recipients are those who have helped enhance the quality of life in their communities (UI, local, regional, national, and international) through service, contributions of time and talent, leadership, and/or innovation in various areas, including the arts, education, environment, public health, and human service.
  - In all, 17 UIHC employees were recognized for outstanding volunteer service in 2005.
  - 2005 Overall Award Winners: Rhonda Cass, Doris Hughes and Dr. Michael Maharry
- Iowa Statewide Poison Control
  - Represents a partnership between Iowa Health System and University of Iowa Hospitals and Clinics, working closely with state and local authorities to improve Iowa's preparedness to handle natural or manmade disasters.
  - ISPC recently attained national certification by the American Association of Poison Control Centers.
- Organ Donation
  - For the twelve month period ending 9/30/2005, UIHC had a 95% success rate converting eligible donors to actual donors.
  - On December 23, 2005 UI transplant specialists set a record for the state of Iowa, by obtaining eight organs for transplantation from a single donor.

## Acute Inpatient UIHC Market Share FY 2002 – FY 2005

	Market Share			
Iowa	FY2002	FY2003	FY2004	FY2005
Mercy - Des Moines	9.8%	9.7%	9.5%	9.6%
Iowa Methodist - Des Moines	7.1%	7.5%	7.5%	7.8%
UI Hospitals and Clinics	6.2%	6.7%	7.0%	6.9%
Primary Service Area	FY2002	FY2003	FY2004	FY2005
St. Luke's - Cedar Rapids	28.9%	28.3%	29.1%	26.7%
UI Hospitals and Clinics	19.3%	20.7%	22.0%	22.7%
Mercy - Cedar Rapids	19.6%	20.0%	20.0%	19.9%
Johnson County	FY2002	FY2003	FY2004	FY2005
UI Hospitals and Clinics	46.0%	49.7%	52.5%	52.8%
Mercy - Iowa City	48.3%	45.2%	41.5%	41.5%
St. Luke's - Cedar Rapids	2.5%	2.2%	2.8%	2.8%

## National Legislative Update - 2006 Budget Reconciliation Bill

- Contains \$2.14 billion for Katrina relief.
- Places a moratorium on new limited service specialty hospitals for up to eight months to allow CMS to develop a report to Congress on the issue, with the report including administrative and legislative recommendations that examine investment structure and return, and care of Medicaid and uninsured people.
- Cuts Ambulatory Surgical Centers by \$300 million to bring their payments in line with hospital outpatient departments; and provides for gainsharing demonstration projects at six sites for three years.
- Freezes physician payments for one year (at a 0% update, from the scheduled update of minus 4.4%).
- Lowers Medicaid net reduction to \$4.7 billion over five years, significantly less than proposals made earlier this year.

## Ambulatory Care Status Report

- In conjunction with the UI President's Office, issued a request for proposals (RFP) for consultation services to determine the best organizational, management, operational, and financial structure of the ambulatory clinics.
  - December 22, 2005 – Issued RFP
  - January 9, 2006 – Vendor Questions Due
  - January 13, 2006 – Responses to Vendor Questions Issued
  - January 18, 2006 – Due Date for RFP
  - January 30, 2006 – Oral Presentations
- Appointed Ambulatory and Inpatient Care Standards Joint Strategic Planning Task Force, co-chaired by Linda Q. Everett, PhD, RN, Associate Director and Chief Nursing Officer, and Craig Syrop, MD, Interim Head of the Department of Dermatology and Professor of Obstetrics and Gynecology.

## Clinical Information System Update

- Phase I – RFP Issuance
  - Nov. 22 – Distributed RFP
  - Dec. 14 – Bidders’ conference
  - Jan. 27 – Vendor questions due date
  - Feb. 10 – Vendor responses issued
- Phase II – RFP Evaluation
  - Feb. 13-23 – Critical requirement review
  - Feb. 24 - Apr. 3 – Full proposal evaluation
  - Apr. 5 - Jun. 15 – Due diligence
  - Jun. 16-29 – Final selection

## Lean Sigma Update

- Infusion Therapy Suite (November 14-18, 2005)
  - Boundaries: Check-In, Lab, Vitals, Medication Preparation, Infusion
  - Scope: Patient flow through the above processes

Goal	Before	After	% Improvement
Reduce patient wait time by 30%	32 mins.	10 mins.	69% reduction Significant reduction variation
Reduce overall LOS by 10% w/ same resources	235 mins.	186 mins.	21% reduction
Increase throughput by 10%	42 pts/day (at peak)	68 pts/day (at peak)	38% potential increase
Reduce staff walking distance by 50%	- RN-900 ft. - Clinic NA 230 ft.	- RN-90 ft. - Clinic NA 0 ft.	- RN-6.1 miles per day - NA up 1.8 miles - Clinic NA 100%

## Update from UHC Governance Meeting

- Governing Academic Medical Centers In Difficult Times: A Case For Change
- From Principles To Practice: Effective Partnership
- Fiduciary Responsibility: A Case Study
- Management Oversight: A Case Study
- Clinical Excellence: A Case Study
- Effective Governance: Health Behaviors
- The Renaissance Project: A Governance Case Study

# **FYTD November 2005 Operating and Financial Performance Report**

## Volume Indicators

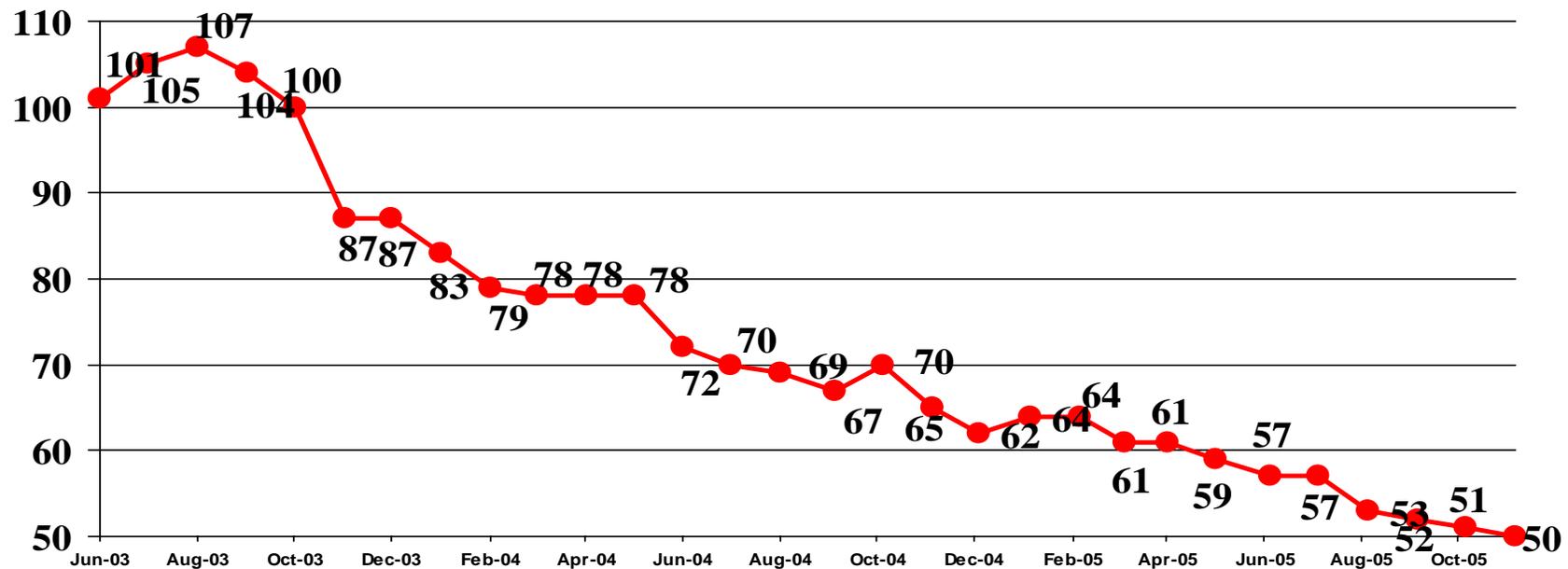
### July through November 2005

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>Operating Review (FYTD)</b>							
Admissions	10,656	10,932	10,680	(276)	-2.5% ○	(24)	-0.2% ○
Patient Days	72,275	72,497	74,654	(222)	-0.3% ○	(2,379)	-3.2% ●
Length of Stay	6.78	6.63	6.99	0.15	2.3% ○	(0.21)	-3.0% ●
Average Daily Census	472.39	473.84	487.93	(1.45)	-0.3% ○	(15.55)	-3.2% ●
Surgeries - Inpatient	4,297	4,268	4,227	29	0.7% ○	70	1.7% ○
Surgeries - Outpatient	4,462	4,662	4,514	(200)	-4.3% ●	(52)	-1.2% ○
Emergency Treatment Center Visits	14,599	13,904	13,698	695	5.0% ●	901	6.6% ●
Outpatient Clinic Visits	280,130	289,934	280,902	(9,804)	-3.4% ●	(772)	-0.3% ○

 Greater than 2.5% Favorable	 Neutral	 Greater than 2.5% Unfavorable
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## Comparative Accounts Receivable as of November 30, 2005

	June 30, 2004	June 30, 2005	November 30, 2005	Median Moody's Aa Rating
Gross Accounts Receivable	\$293,860,815	\$278,551,170	\$275,002,796	na
Net Accounts Receivable	\$110,344,338	\$93,964,049	\$86,106,935	na
Net Days in AR	72	57	50	56

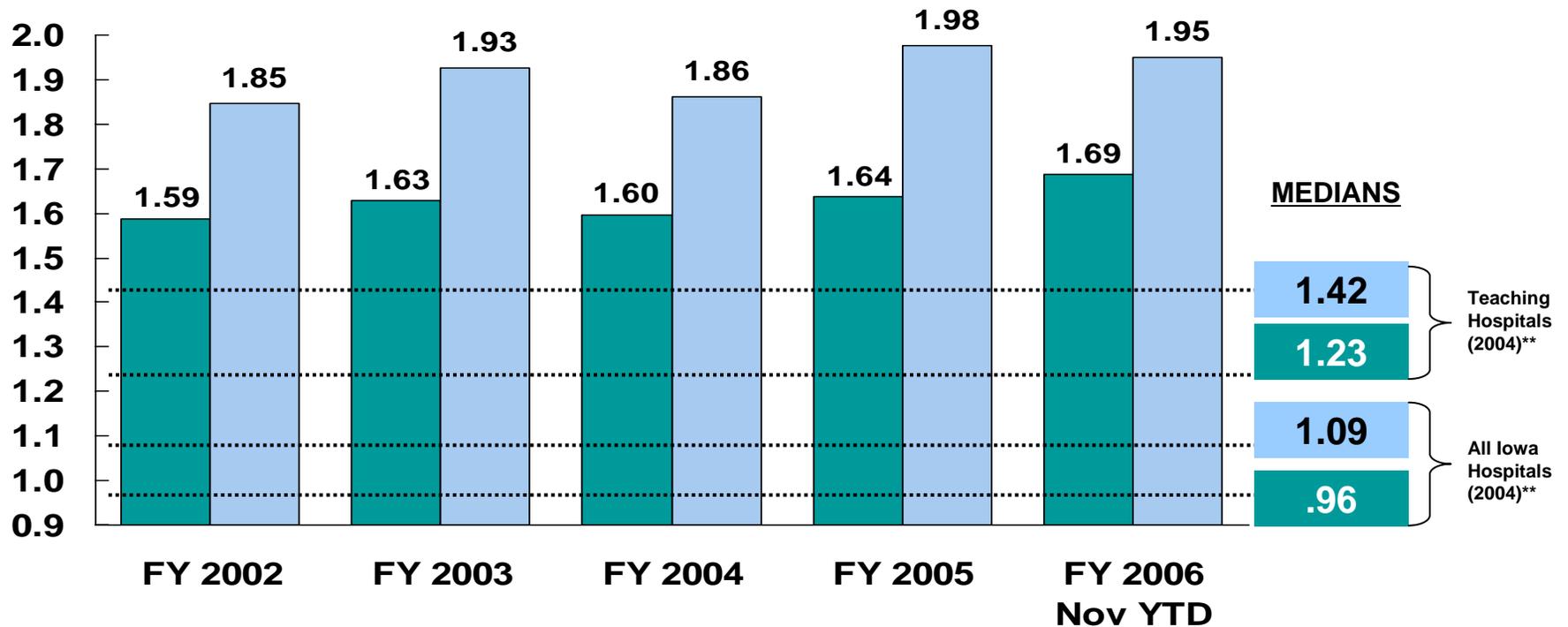


—●— Days of Revenue in Net A/R

# UNIVERSITY OF IOWA HOSPITALS AND CLINICS

## CASE MIX INDEX - ALL ACUTE INPATIENTS\*

## CASE MIX INDEX - MEDICARE INPATIENTS\*



- THE CASE MIX INDEX REFLECTS THE OVERALL CLINICAL COMPLEXITY OF THE PATIENT CENSUS OF A GIVEN HOSPITAL BY ESTIMATING THE LEVEL OF RESOURCE CONSUMPTION OF THE AVERAGE PATIENT RELATIVE TO THAT OF ALL HOSPITALS NATIONALLY WHICH HAVE A CASE MIX INDEX OF 1.00.
- ALL ACUTE CASE MIX INDEX VALUES SHOWN ABOVE INCLUDE NEWBORN NURSERY.
- MEDICARE CASE MIX INDEX EXCLUDES DEPT OF PSYCH.
- \*\* ALMANAC OF HOSPITAL FINANCIAL OPERATING INDICATORS, 2006 CHIPS (A TEACHING HOSPITAL IS ONE AT WHICH MEDICAL GRADUATES TRAIN AS RESIDENTS).

## Comparative Financial Results

July through November 2005

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>NET REVENUES:</b>							
Total Pay Patient Rev.	\$274,073	\$283,506	\$245,167	(\$9,432)	-3.3%	\$28,906	11.8%
Appropriations	5,586	5,586	16,955	0	0.0%	(11,369)	-67.1%
Other Operating Rev.	16,245	16,285	16,166	(40)	-0.2%	79	0.5%
<b>Total</b>	<b>\$295,904</b>	<b>\$305,376</b>	<b>\$278,288</b>	<b>(\$9,472)</b>	<b>-3.1%</b>	<b>\$17,616</b>	<b>6.3%</b>
<b>EXPENSES:</b>							
Salaries and Wages	\$150,953	\$157,583	\$145,068	(\$6,631)	-4.2%	\$5,885	4.1%
General Expenses	114,390	117,659	105,679	(3,269)	-2.8%	8,711	8.2%
Depreciation	20,510	20,299	20,075	211	1.0%	435	2.2%
<b>Total</b>	<b>\$285,852</b>	<b>\$295,542</b>	<b>\$270,822</b>	<b>(\$9,689)</b>	<b>-3.3%</b>	<b>\$15,031</b>	<b>5.6%</b>
Operating Margin	\$10,052	\$9,835	\$7,466	\$217	2.2%	\$2,586	34.6%
<b>Operating Margin %</b>	<b>3.4%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>0.2%</b>	<b>6.3%</b>	<b>0.7%</b>	<b>25.9%</b>

**NOTE:** all dollar amounts are in thousands

# **FYTD November 2005 Institutional Scorecard**

## FY2006 Institutional Scorecard

INNOVATIVE CARE				
INDICATOR	FY '05 ACTUAL	NOV '05	FY '06 TARGET	FY '06 BENCHMARK
Market Share	6.9% [A]	n/a [B]	7.3%	3% improvement over CY '04 [A]
Acute Admissions	25,063	25,186 [C]	25,839	UIHC Budget for 2.5 % growth
Clinic Visits	668,456	666,619 [C]	693,348	UIHC Budget for 2% growth
Average Length of Stay	6.99	6.78	6.50	UIHC Budget for 1/2 day reduction
EXCELLENT SERVICE				
INDICATOR	FY '05 ACTUAL	NOV '05	FY '06 TARGET	FY '06 BENCHMARK
External Referrals	179,198	170,665 [C]	184,574	3% average annual growth
Patient Satisfaction - Adult	81.7	82.0	84.0	3% improvement in score
Patient Satisfaction - Pediatric	84.1	84.0	86.6	3% improvement in score
EXCEPTIONAL OUTCOMES				
INDICATOR	FY '05 ACTUAL	NOV '05	FY '06 TARGET	FY '06 BENCHMARK
Observed/Expected Mortality Ratio	0.77	0.68	less than 1.0	University Health System Consortium
STRATEGIC SUPPORT				
INDICATOR	FY '05 ACTUAL	NOV '05	FY '06 TARGET	FY '06 BENCHMARK
Cost Per Adjusted Discharge	\$8,941	\$8,659	\$8,888	UIHC Budget
Operating Margin	3.03%	3.40%	3.20%	UIHC Budget
Earnings Before Interest, Taxes, Depreciation and Amortization	\$71,937,422	\$72,909,147 [C]	\$71,888,599	UIHC Budget
Employee Vacancy Rate	2.0%	1.5%	3.0%	Internal

\*\* CMI adjusted

[A] FY '05 actual subject to change by IHA for missing data, CY 2004 Market share was 7.1%

[B] FY 2006 Q1 & Q2 expected May 2006

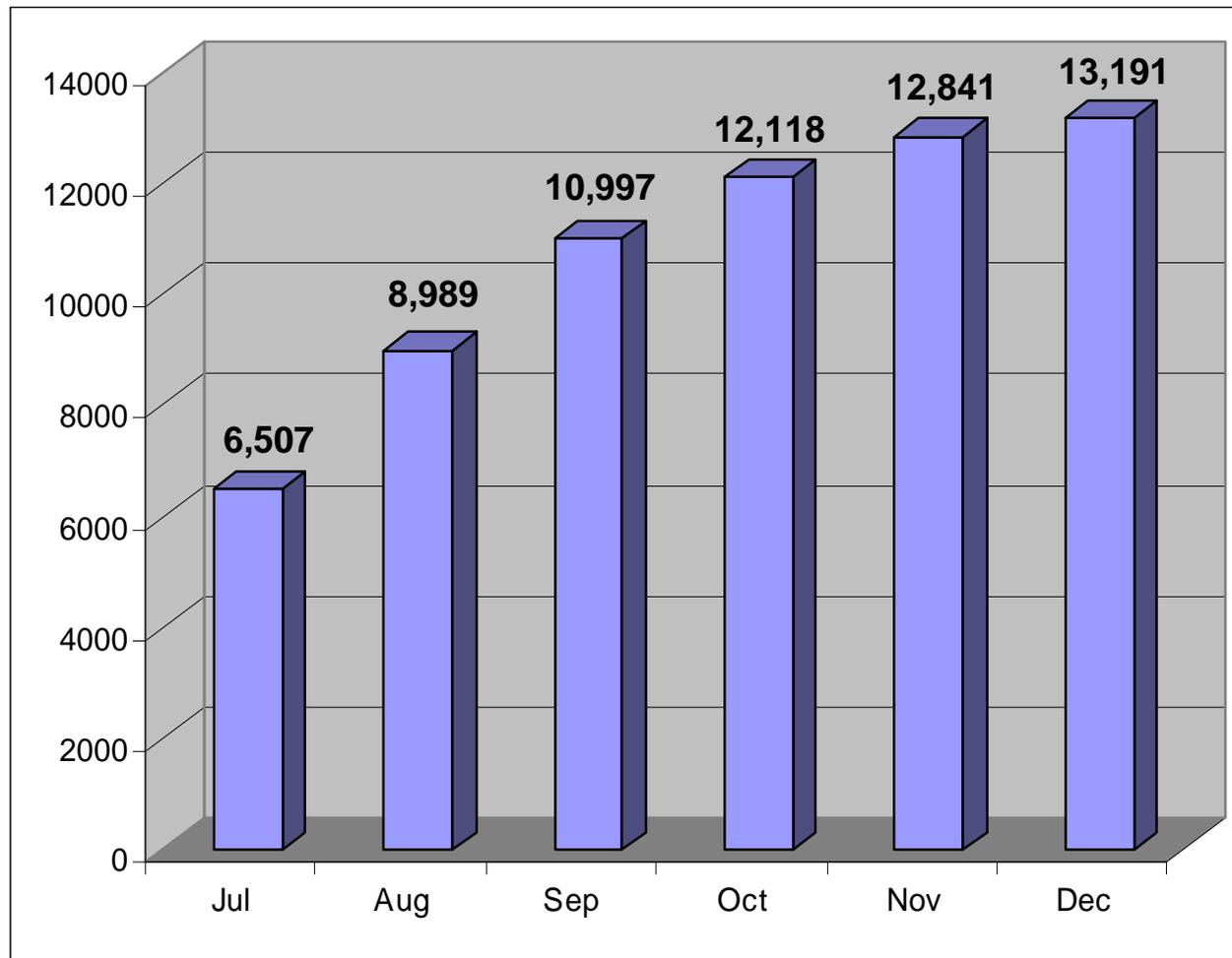
[C] Trended Annual Projection from November 2005 YTD actuals.

# Institutional Scorecard Definitions

INNOVATIVE CARE		
INDICATOR	DESCRIPTION	SOURCE
Market Share	Market share of acute inpatient discharges for Iowa residents from Iowa Hospitals averaged for the last four available quarters [excluding MDC 19 (mental disease), 20 (alcohol/drug) and 25 (HIV), per HIPAA requirements].	Iowa Hospital Association
Acute Admissions	Number of acute adult & pediatric patients admitted (excludes normal newborns).	Hospital Records
Clinic Visits	Total number of UIHC clinic visits (excludes Outreach and Community Medical Services locations).	Hospital Records
Average Length of Stay	Total inpatient days / total discharges for all acute care patients.	Hospital Records
EXCELLENT SERVICE		
INDICATOR	DESCRIPTION	SOURCE
External Referrals	Total number of visits originating from external referrals.	IDX or Report2Web
Patient Satisfaction - Adult	Mean score of adult inpatient surveys (all standard questions) returned for the past 12 months.	Press-Ganey Satisfaction Survey
Patient Satisfaction - Pediatric	Mean score of pediatric inpatient surveys (all standard questions) returned for the past 12 months.	Press-Ganey Satisfaction Survey
EXCEPTIONAL OUTCOMES		
INDICATOR	DESCRIPTION	SOURCE
Observed/Expected Mortality Ratio	Observed mortality rate for 100% acute discharge/ UHC risk adjusted expected mortality rate for the last four available quarters.	CORM
STRATEGIC SUPPORT		
INDICATOR	DESCRIPTION	SOURCE
Cost Per Adjusted Discharge	Operating costs / ((gross patient charges/total gross inpatient charges) *(total patient admissions excluding newborns) *Case mix index).	Hospital Records
Operating Margin	Operating income/Net operating revenue.	Hospital Records
Earnings Before Interest, Taxes, Depreciation and Amortization	Revenue less expenses (excluding interest, tax, depreciation, and amortization).	Hospital Records
Employee Vacancy Rate	Total number of actively recruited positions / total number of allocated positions.	HR Database

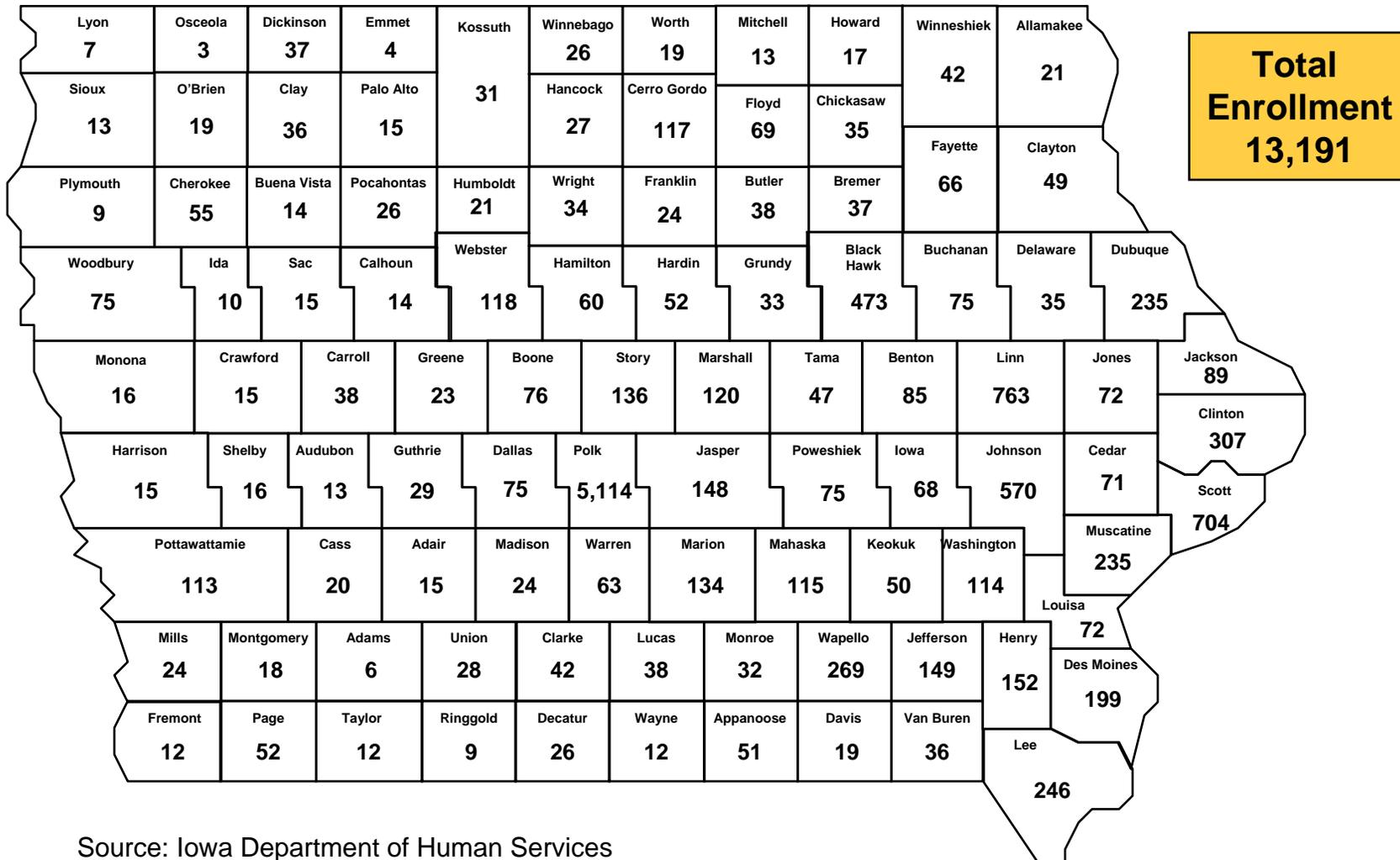
# IowaCare Update

## IowaCare & Chronic Care Enrollment as of December 31, 2005 (net of disenrollments)



Source: Iowa Department of Human Services

## Enrollment in IowaCare & Chronic Care as of December 31, 2005 (net of disenrollments)



Source: Iowa Department of Human Services

## **UIHC Experience with IowaCare and Chronic Care Patients through December 31, 2005**

- 13,191 people are enrolled statewide in IowaCare or Chronic Care. Over 15,800 people have been enrolled at some point in time.
- 4,424 unique IowaCare or Chronic Care patients have already been seen at the UIHC.
- 35.2% of the people who have had or currently are scheduled for an appointment at the UIHC previously had a State Paper or an Ortho Paper.
- 17,977 visits for IowaCare or Chronic Care patients have already occurred at the UIHC.

## **UIHC Experience with IowaCare and Chronic Care Patients through December 31, 2005 (cont.)**

- The value of hospital services provided at the UIHC for IowaCare or Chronic Care patients is \$43.5 M.
- Anticipated Medicaid reimbursement associated with the UIHC services is \$14.2 M while the equal monthly payments received total \$13.6 M.
- When the scheduled 3% Medicaid reimbursement rate increase goes into effect retroactive to July 1, 2005, it will also apply to IowaCare. This means the \$27.3 M appropriation will be depleted at a faster rate.
- An actuary has been retained by the UIHC to assess if the \$27.3 M appropriation will be sufficient to reimburse services for the entire FY06.
- The value of donated physician services at the UIHC for IowaCare or Chronic Care patients not counted against the appropriation is \$16.5 M.
- The cost of transportation subsidized by UIHC for IowaCare patients was \$428,448.