

*BOARD OF REGENTS
University of Iowa Hospitals and Clinics
Executive Board Committee*

August 3, 2004

Persons in attendance (not all-inclusive):

Committee members: Amir Arbisser (Chair), Robert Downer, David Neil, Owen Newlin, Sue Nieland

Others: Mary Ellen Becker, Jenny Rokes, Pam Elliott, Deb Hendrickson, Joan Racki, Ilene Tuttle, David Skorton, Doug True, Donna Katen-Bahensky, Jean Robillard, Ann Madden Rice, Michael Hogan, Bill Hesson, Mark Braun, Anthony DeFurio, Deb Thoman, Daniel Fick

Regent Arbisser called the meeting to order at 3:25 p.m.

Minutes of May 18, 2004, Committee Meeting

Regent Arbisser asked if there were any additions or corrections to the minutes. There were none.

ACTION: Regent Arbisser stated the minutes of the May 18, 2004, University of Iowa Hospitals and Clinics Executive Board Committee were approved, as written, by general consent.

Director's Report

President Skorton introduced the Director's report. He stated that challenges in the academic health center are myriad. The team members would report on the progress that has been made.

Director Katen-Bahensky stated there have been some issues regarding physician leadership recruitment, which she asked Dean Robillard to address.

Dean Robillard stated that, when he assumed the deanship 18 months ago, there were three department head positions open: Emergency Medicine, Cardio-Thoracic and Medicine. All three positions have been filled. The recruitment for a new head of the Department of Pediatrics was nearly completed. Recruitment for leaders for Anesthesia and for Surgery should be completed in the next 6 to 8 months. There is a vacancy in the leadership of the Department of Family Medicine, which University officials hope to have filled by this fall. He hopes to have new leaders for the Department of Dermatology by early-winter and for the Department of Ophthalmology by next summer.

Dean Robillard next addressed faculty turnover. He summarized the turnover data for the last several years (5.5% in 2000, 3.3% in 2001, 3.9% in 2002, 4% in 2003 and 4% in

2004), noting that the current turnover rates were no different than those of the past. The majority of turnover is in clinical faculty, not in tenure-track faculty. He stated that salary is a major issue in faculty turnover. Medical schools are competing with each other for the best scientists.

Director Katen-Bahensky stated there are a couple of other positions vacant, one of which is the head of the Hospital's burn unit. She said the burn unit is very important because it is the only burn unit of its size, magnitude and expertise in the entire state. A faculty member has been recruited as a trauma surgeon who will also run the burn unit. Another vacant position is in Transplant, for which she hoped to announce a successful recruitment in the new few weeks.

Director Katen-Bahensky pointed out that Dean Robillard and she spend 90% of their time working on retention and preparation of recruitment packages.

Committee members discussed the concerns of Director Katen-Bahensky and Dean Robillard regarding issues of staff retention and the consequences of deferred maintenance in laboratories, both of which have been exacerbated by the lack of state funding to the University.

Regent Downer asked that University officials provide the Committee with suggested ways in which the Committee can be helpful in addressing the issue of salaries, especially in the Hospital's highly-regarded departments. He said the status of the University of Iowa Hospitals and Clinics must be maintained.

President Skorton stated that the Committee's continuing support of the Hospital has been very helpful in addressing staffing issues. He said staff are staying because the institution is so well run and is such a good place to work. Therefore, he asked that the Committee continue to be supportive in the ways in which it has been.

Director Katen-Bahensky presented the Director's report, highlights of which follow:

- FY 2004 Priority Initiatives
- Key Issues – 4th Quarter FY 2004
 - Patient focus – externally-benchmarked patient satisfaction; patient advisory council; enhanced way-finding and signage
 - Fundraising
 - Revenue cycle – 3M hired to help determine documentation accuracy of the case mix index; upfront collection of co-pays can result in an additional \$1.6 million per year; uncompensated care policy on an income sliding scale
 - Expense containment activities continue
 - Scorecard development for FY 2005 – will include turnover rates, net days in accounts receivable, and bad debt as a percentage of gross revenue

Strategic Plan Development Update

- Strategic planning focus groups and interviews – comments received from nearly 1,000 individuals
- Nursing Recruitment – 41 newly-hired nurses
 - 2004 advertising campaign
- Nursing Vacancy Rate
 - 5.8% for 2004
 - 14.1% in 2003, compared to 5.5% for Iowa hospitals in 2003
- Revenue Cycle Redesign
 - Documentation accuracy/coding improvement
 - Upfront cash collections in clinical areas
 - Pre-access unit for insurance verification/authorization
 - Charge master review
 - Revenue integrity department
 - Uncompensated care policy
 - Addition of health benefit advisors
- Supply Chain
 - New contracts resulted in savings of \$810,000 in Cath/EP Lab
 - Two additional operating rooms are being created through conversion of previous storage space
 - Improved inventory controls
 - New product evaluation function and special order database
 - One-time inventory savings of \$5.27 million
 - Pressure has been put on vendors to provide the UIHC with a better price for many of the products it uses
- Lean Sigma Event occurred on June 7-11, 2004

Update on University Hospitals Operations, Programs and Finances

Chief Operating Officer Rice presented the institutional scorecard indicators:

- Workplace of choice – All aspects increased except employee satisfaction.

- Electronic tool to survey more staff more regularly (20% response rate currently) is being developed.
- Pursuing excellence – There was a slight decline in the improvement of clinic reception time and in the amount of time spent in the emergency treatment center.
- Improving efficiencies – Benchmarking is being done on the length of stay per patient.
- Financial strength – All volume indicators are expected to be met except those of the emergency treatment center.

Associate Director DeFurio stated that overall in-patient admissions have grown by 6-1/2%. Clinic visits have increased by 5%, which yielded an 8.4% increase in overall patient payments. Salaries and wages have grown by 8.3%. He referred to the 1.4% operating margin as of the end of May, and stated that Hospital officials hope to achieve a 1.6% operating margin for the fiscal year. The revenue-enhancing and cost-saving measures that have been implemented over the last several months have yielded benefits.

Associate Director DeFurio pointed out that a year-to-year comparison of accounts receivable will be presented each time the Committee meets. He said dramatic progress has been made in liquidating accounts receivable. Accounts receivable has been reduced from nearly \$355 million at the end of June 2003 to \$310 million as of May 31, 2004. Net accounts receivable on June 30 was at \$143 million and has declined to \$120 million currently. Converting those numbers to net days in accounts receivable, he said the level has gone from 101 days at the end of May to 73 days at the end of June. The target is 65 days by the end of the current fiscal year.

Director Katen-Bahensky stated that people have been working hard. The operating margin is up while the patient days are down and days of cash on hand are up. She noted that Internal Audit Director Senneff will be asked to provide assistance in accounts receivable.

Amendments to the Bylaws, Rules and Regulations of UIHC and its Clinical Staff.

Associate Director Hesson presented for Committee consideration three amendments to the Bylaws, Rules and Regulations of UIHC regarding the frequency of clinical privileges review and regarding patient care.

Joint Commission on Accreditation of Health Care Organizations and Role of Governing Body.

Senior Assistant Director Fick discussed the upcoming (late-October to mid-November) site visit by the Joint Commission on Accreditation of Health Care Organizations.

Regent Neil asked for the status of the University's malpractice insurance company. Associate Professor Fick responded that the company is up and running. Compliance with the regulatory requirements has been achieved. The company was capitalized in May. Final verification from the Insurance Commissioner's office was received in June,

and policies were written in July. Payment has been made to the Faculty Practice Plan for the premium due.

Adjournment

The meeting adjourned at approximately 4:45 p.m.



Pamela M. Elliott
Director, Business and Finance



Gregory S. Nichols
Executive Director

h:minutes/uihcexecutiveboard/080304