CAPITAL AUTHORIZATION FOR UNIVERSITY OF IOWA HEALTH SYSTEM

Action Requested:

Authorize University of Iowa Health Care to transfer up to an additional nine and one-half million dollars ($9,500,000) to the University of Iowa Health System for the purpose of meeting cash flow requirements through calendar year 2018.

Explanation:

UI Health Care seeks authorization to transfer funds sufficient to meet cash flow requirements to facilitate discontinuance of UI Health Alliance and the residual cash flows of UI Community Connect projects installing EPIC clinical information systems at community hospitals. This authorization allows up to $9.5 million in transfers. The amount is the maximum anticipated cash flow requirements for this calendar year related to UI Health Care’s decision to wind down or transition these initiatives while honoring outstanding commitments.

This authorization is not based upon any further commitments by UIHS or its subsidiaries. The UIHS Board of Directors continues to review how best UIHS can support the tripartite mission of UI Health Care and will continue to keep the Board of Regents apprised regarding UIHS plans to support this objective.

Background:

The Board of Regents authorized the University of Iowa to establish, on December 2, 1994, the University of Iowa Health System (“UIHS”). UIHS is an Iowa nonprofit formed to support the clinical, academic, and research programs of the University of Iowa Carver College of Medicine (“CCOM”), University of Iowa Physicians (“UIP”), and University of Iowa Hospitals and Clinics (“UIHC”) (collectively, “University of Iowa Health Care”). On October 18, 1995, the Board authorized UIHC and CCOM to transfer $18,945,000 to UIHS for the purpose of continuing the development of network activities through its subsidiary companies, in particular University of Iowa Community Medical Services. This initial capitalization represented the estimated capital requirements for three years. On March 1, 1999, the Board authorized UIHC and CCOM to transfer $12,000,000 to UIHS for the continued development of network activities through its subsidiary companies. This additional capitalization represented the estimated capital requirements for three years. On October 22, 2014 the Board of Regents authorized another $30 million to be transferred to UIHS.

University of Iowa Health Care has utilized the funds provided to advance the health care experience of individual Iowans, improving the health care of all Iowans as a population, and improving the health care value Iowans receive by reducing health care expenditures. Examples of some programs UIHS developed are:

- University of Iowa Community HomeCare provides home care services, including complex infusion therapy, to patients discharged from UIHC to their homes. These home care services are an important part of the efforts to reduce costs by reducing length of stay in the hospital and improving care outcomes by permitting people to receive care in a less stressful environment.
• University of Iowa HealthWorks provides comprehensive occupational medicine to workers across the state.
• Iowa City Cancer Treatment Center is an ambulatory radiation oncology practice including linear accelerator services.
• Pediatric Associates of UI Children’s Hospital is an entity that brings ambulatory pediatric services.
• UI Community Connect was created to install EPIC clinical information systems and compatible general ledger systems in community hospitals within Iowa.

As with the practice followed to date, funds authorized by the Board of Regents will remain within the University until specific needs are identified and authorized by the UIHS Board of Directors or Executive Committee.

This action is consistent with the goals of University of Iowa Health Care strategic plan and will meet necessary cash flow requirements during 2018.