

Contact: Andrea Anania

### **CAPITAL FOR UNIVERSITY OF IOWA HEALTH SYSTEM**

**Action Requested:** Recommend that the Board authorize University of Iowa Health Care to transfer up to an additional \$25 million to the University of Iowa Health System for the purpose of continuing the development of network activities through itself and its subsidiary companies in support of the clinical, academic, and research programs of the University of Iowa Roy J. and Lucille A. Carver College of Medicine and University of Iowa Hospitals and Clinics.

**Background and Analysis:** On December 2, 1994, the University of Iowa established the University of Iowa Health System (UIHS). UIHS is an Iowa nonprofit corporation 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, one half from each unit, 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, one half from each unit, 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 authorized UIHC and CCOM to transfer up to \$30,000,000 for the continued development of network activities through itself and its subsidiary companies. These funds focused on development of UI Health Care's participation in accountable care organizations, participating in clinically integrated networks capable of pooling their collective abilities and knowledge to better achieve the triple aim of improving 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 (the "Triple Aim"). Funds have also been focused on development of exploring ways to utilize eHealth technologies to better serve Iowans.

To date, University of Iowa Health Care has utilized the funds provided to work toward these Triple Aim-related purposes. Specific examples of programs UIHS currently participates in include:

- ▶ 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 Triple Aim as they further 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;
- ▶ Pediatric Associates of UI Children's Hospital provides ambulatory pediatric services;
- ▶ Iowa City Cancer Treatment Center provides radiation oncology services;
- ▶ Wellmark Synergy Health, Inc. has previously offered health insurance products to Iowans;
- ▶ Vizient, Inc. is a national member organization that facilitates the ability to utilize data and group purchasing opportunities to achieve the Triple Aim;

Currently, UIHS is exploring two specific potential new opportunities:

- ▶ Entering into a joint venture with Innovative Renal Care (IRC) to collaborate for the provision of dialysis services to outpatients and inpatients currently served by University of Iowa Health Care. Under the terms of this arrangement, University of Iowa Health Care would sell substantially all of its assets related to the provision of dialysis care to a Delaware limited liability company, a joint venture owned fifty (50%) percent by IRC and fifty (50%) percent by University of Iowa Health System (the "Joint Venture"). In consideration for these assets, the Joint Venture would pay \$9 million to University of Iowa Health Care and University of Iowa Health System, \$4.5 million in cash to University of Iowa Health Care and \$4.5 million in equity in the Joint Venture to be held by UIHS. The Joint Venture would provide, and bill for, outpatient dialysis services. The Joint Venture would provide services to University of Iowa Health Care inpatients and University of Iowa Health Care would bill for such inpatient services. University of Iowa Health Care physicians would provide medical direction services and professional services to the patients served by the Joint Venture.
- ▶ Entering into a joint venture with Encompass Health, a national leader in the provision of inpatient rehabilitation services, to establish an inpatient rehabilitation hospital to serve Johnson County and the surrounding area. In addition to providing vitally needed services to address currently unmet needs, this partnership would enhance efforts to continue to grow our research and education efforts, particularly for the physical therapy program.

These potential opportunities to collaborate with other health care providers in a public-private partnership are an important component to University of Iowa Health Care's efforts to achieve the Triple Aim by more promptly getting patients access to the right level of care by the right provider at the right time to best serve Iowans.

These programs have been successful in supporting the clinical, academic, and research programs of UIHC, CCOM, and UIP. We continue to believe that this approach of emphasizing collaboration with existing providers and sharing evidenced-based best practices will result in the higher quality and more cost-efficient means to deliver care to Iowans. In addition, it will provide a vehicle to more efficiently and effectively perform research on health issues facing Iowans and provide new educational settings for our students. We continue to look for appropriate opportunities to collaborate with other providers and/or to further develop UIHS services to enhance access to care, particularly specialized care. Such opportunities are essential to University of Iowa Health Care's efforts to achieve the Triple Aim and best serve all Iowans regardless of where they live.

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 requested action is consistent with the goals of University of Iowa Health Care strategic plan to achieve the Triple Aim for all Iowans and the use of UIHS to support that mission.