

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Meeting of the Board of Regents as the Trustees
of the University of Iowa Hospitals and Clinics

Date: May 8, 2000

Recommended Action:

Receive the report on the University of Iowa Hospitals and Clinics (UIHC).

Executive Summary:

The Board of Regents, in its role as Trustees of the University of Iowa Hospitals and Clinics, will be provided a quarterly report on the operations of the UIHC. Areas to be covered in this oral report are: 1) Quarterly Update on UIHC Operations, Programs and Finances; 2) 2000-2001 Conceptual Operating Budgets for the University of Iowa Statewide Health Service Units; and, 3) UI Behavioral Health Program.

Complete material on the agenda and the exhibits is included in a separate UIHC docket. A brief summary of the agenda is provided below.

- **Quarterly Update on UIHC Operations, Programs and Finances**

UIHC's solid performance continued through the first three quarters of FY 2000, despite a continuation and, in some instances, intensification of national trends that are severely challenging healthcare providers. From July 1, 1999 to March 31, 2000, clinic visits increased 7.9%. Acute inpatient admissions increased .6% compared to the same period of FY 1999. The average length of inpatient stays declined .6% and inpatient days totaled .1% below a year ago.

The source of reimbursement for care provided to patients continued to shift from traditional insurance programs to managed care. Total operating revenue increased 5.7% compared to the July through March period of FY 1999. UIHC's operating margin during the first nine months of FY 2000 was 6.2% versus 6.8% in the comparable period of FY 1999.

Background and Analysis:

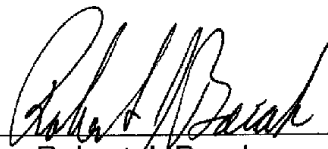
- 2000-2001 Conceptual Operating Budgets for the University of Iowa Statewide Health Service Units

Operating budgets for University of Iowa Statewide Health Service Units for FY 2001, now in the final stages of development, are aligned with strategic goals of the University of Iowa and the University of Iowa Hospitals and Clinics. The University of Iowa Hospitals and Clinics Strategic Planning Program for FY 2001-2005 was approved by the Board of Regents, State of Iowa, in October 1999. This strategic plan, in the context of current payment trends for health care, is the basis of the FY 2001 budget. UIHC's FY 2001 budget anticipates declining reimbursement and increased demand for services.

- UI Behavioral Health Program

Mental health and chemical dependency care is among the most intensely managed of medical services. University of Iowa Health Care has created University of Iowa Behavioral Health, a multidisciplinary team directing services, to enhance the value of mental health and chemical dependency services at the University of Iowa and across Iowa. The program has been successful at improving internal efficiencies, expanding statewide services and developing statewide partnerships with employers and insurance companies.

Complete material on the agenda and exhibits is included in a separate University of Iowa Hospitals and Clinics docket.



Robert J. Barak

Approved: _____
Frank J. Stork