

AGENDA

BOARD OF REGENTS, STATE OF IOWA UIHC COMMITTEE MEETING



March 2, 2007
8:00-10:00 a.m.

7th Floor Atrium Conference Rooms A & B, UIHC
Iowa City, Iowa

- | | |
|--|---|
| I. Introductory Comments and Review of Prior Meeting Minutes | Regent Robert N. Downer, Chair
Donna Katen-Bahensky, Senior Associate Vice President for Medical Affairs and Chief Executive Officer - UIHC |
| II. University of Iowa Health Care | Jean Robillard, Vice President for Medical Affairs, Dean Carver College of Medicine |
| III. Operating and Financial Activity
FYTD December 2006
Market Share Data | Donna Katen-Bahensky |
| IV. Institute of Orthopaedics, Sports Medicine and Rehabilitation | Donna Katen-Bahensky
Shane Cerone, Senior Assistant Director
Denise Rettig, Administrative Fellow |
| V. IowaCare and Legislative Update | Donna Katen-Bahensky
Stacey Cyphert, Special Advisor to the President,
Special Advisor to the Dean of CCOM,
Senior Assistant Hospital Director |
| VI. Capital Projects Update | Donna Katen-Bahensky
John Staley, Senior Associate Director |
| VII. Director's Remarks | Donna Katen-Bahensky |

JANUARY 17, 2006

IOWA CITY

Members: Robert Downer, Chair Tom Bedell - absent
 Amir Arbisser Rose Vasquez - joined by phone

Regent Downer called the meeting to order at 8:36 a.m.	
UIHC 1.	Introductory Comments
<u>Discussion:</u>	Regent Downer gave opening comments.
<u>Action:</u>	The minutes were approved by general consent.
UIHC 2.	Operations and Finance Report, Year-to-Date November 2006
<u>Discussion:</u>	Donna Katen-Bahensky and Dan Rieber reviewed the current financials. Regents Downer and Arbisser questioned accounts receivable information in the report. Mr. Rieber explained the methodology for write-offs is consistent and is based on allowance adjustments made through the balance sheet. The UIHC had strong cash collections during October and November.
<u>Follow-up:</u>	The Committee members suggested that accounts receivable presentation should be changed to include bad debt as percentage of gross accounts receivables.
UIHC 3.	Iowa Hospital Association PricePoint
<u>Discussion:</u>	The Committee discussed the new consumer website of hospital charge information.
<u>Follow-up:</u>	The Committee requested that a summary be developed to share with legislators.
UIHC 4.	IowaCare Update
<u>Discussion:</u>	Stacey Cyphert provided a general overview of the program, including enrollments, and volume of UIHC patients. Mr. Cyphert indicated that UIHC needed \$9 million more money from the IowaCare program on top of the carryover funds from FY 2006.
<u>Follow-up:</u>	The Committee requested that a base line be added to the enrollments graph and suggested that the patient data by county be shared with legislators, especially those in counties that volume is above 100% of FY 2006 volumes.
UIHC 5.	EPIC Update
<u>Discussion:</u>	Donna Katen-Bahensky provided an overview.
UIHC 6	Ambulatory Care Standards
<u>Discussion:</u>	Dr Craig Syrop and Mr. John Swenning provided an overview on the process for developing the ambulatory care stands at UIHC. Regent Downer suggested that they also seek input from representatives in western Iowa.
UIHC 7.	Community Benefit Survey
<u>Discussion:</u>	Donna Katen-Bahensky provided an overview.
UIHC 8.	Baldrige Award
<u>Discussion:</u>	Debbie Thoman provided comments.
UIHC 9.	Director's Remarks
<u>Discussion:</u>	Donna Katen-Bahensky provided updates on Child magazine, epic implementation, recruitment, accreditation site visits, bed additions, operating room case volume, centers of excellence, and CTSA (Clinical and Translational Science Award).
Regent Downer adjourned the meeting at 11:08 a.m.	

UPDATE

Office of the Vice President for Medical Affairs

Report to the Board of Regents
Hospital Committee

Jean E. Robillard, MD
Vice President for Medical Affairs

March 2, 2007



Our Structure



UNIVERSITY of IOWA
PHYSICIANS
Carver College of Medicine



UNIVERSITY of IOWA
HOSPITALS & CLINICS
University of Iowa Health Care



UNIVERSITY of IOWA
CARVER COLLEGE
OF MEDICINE
University of Iowa Health Care



UNIVERSITY of IOWA
HEALTH CARE

VPMA Executive Group

- VP for Medical Affairs
- Senior AVP and CEO, UIHC
- Executive Dean, CCOM
- Chief Medical Officer & CEO, UIP
- AVP for Finance/CFO, UIHC (TBD)
- Chief Nursing Officer, UIHC (TBD)
- Inpatient CMO (TBD)

Our Challenge

We must position ourselves to be
more agile, competitive and
patient-centered

Growing the Pie

Foster affiliations

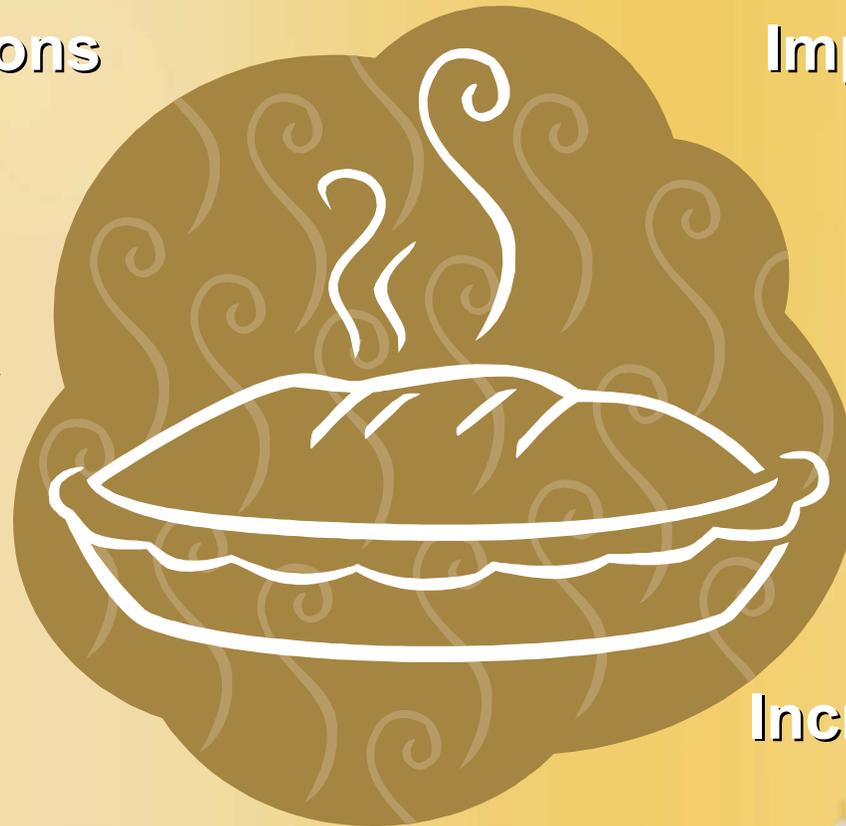
Improve access

Expand network

Increase volume

Develop new locations

Increase efficiency



Patient-Centered Organization



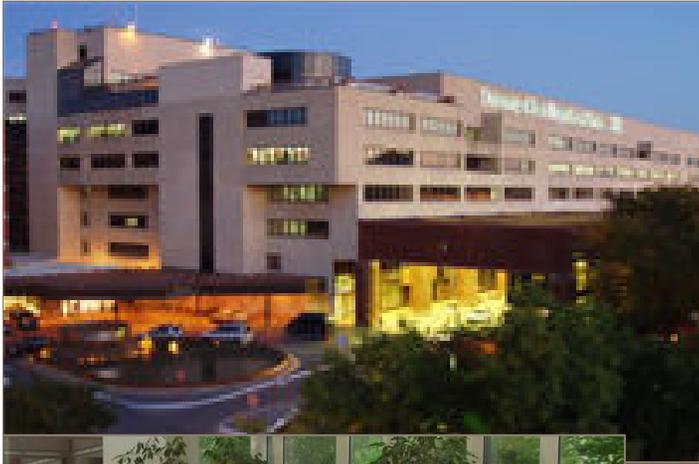
Our Agenda

Key Priorities—Next 3 Months

- Recruit outstanding leaders
- Begin implementation of prioritized ambulatory care recommendations
 - Start planning for off-site ventures
- Begin development of 2008 budgets
- Continue implementation of EPIC clinical information system
- Review and begin implementation of perioperative report recommendations
- Build on gold-standard patient service
- Develop strategy to attain Malcolm Baldrige National Quality Award

Key Priorities—3-6 Months

- Complete comprehensive facilities plan and corresponding financial plan
- Streamline support services (e.g., joint offices)
- Begin planning for community affiliations
- Develop a comprehensive system for strategic performance management for internal use and for use by the President and the Board of Regents
- Review and align strategic plan for the UI Health Care
- Finalize preparations for Joint Commission on Accreditation of Healthcare Organizations (JCAHO) site visit and Magnet redesignation
- Accelerate Medical Center fund raising campaign and announce new campaign
- Look at new provider network



UNIVERSITY of IOWA HEALTH CARE



Operating and Financial Activity FYTD December 2006

Market Share Data

Donna Katen-Bahensky

Senior Associate Vice President for Medical Affairs
and Chief Executive Officer - UIHC

Volume Indicators

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
Admissions	13,711	12,928	12,687	783	6.1% ●	1,024	8.1% ●
Patient Days	91,156	83,545	86,420	7,611	9.1% ●	4,736	5.5% ●
Length of Stay	6.65	6.46	6.81	0.19	2.9% ●	(0.16)	-2.4% ○
Average Daily Census	495.41	454.05	469.67	41.36	9.1% ●	25.74	5.5% ●
Surgeries - Inpatient	5,398	5,215	5,113	183	3.5% ●	285	5.6% ●
Surgeries - Outpatient	5,363	5,429	5,323	(66)	-1.2% ○	40	0.8% ○
Emergency Treatment Center Visits	19,050	17,671	17,202	1,379	7.8% ●	1,848	10.7% ●
Outpatient Clinic Visits	338,692	328,345	329,553	10,347	3.2% ●	9,139	2.8% ●
Case Mix	1.7578	1.7360	1.7643	0.0218	1.3%	(0.0065)	-0.4%
Medicare Case Mix	1.9430	1.8797	1.8981	0.0633	3.4%	0.0449	2.4%



Greater than
2.5% Favorable



Neutral



Greater than
2.5% Unfavorable

Comparative Financial Results

July 2006 through December 2006

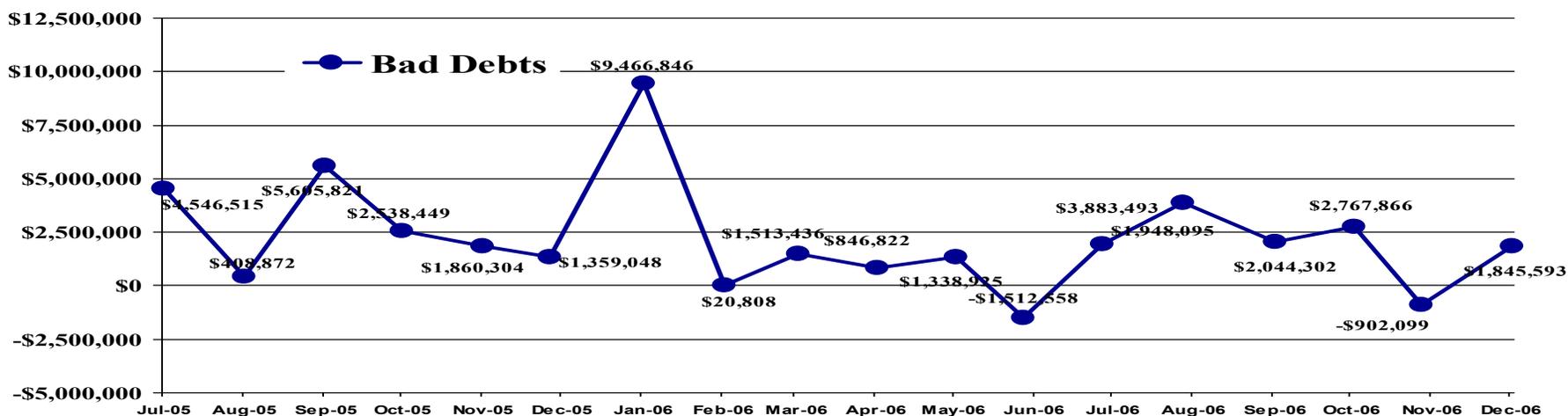
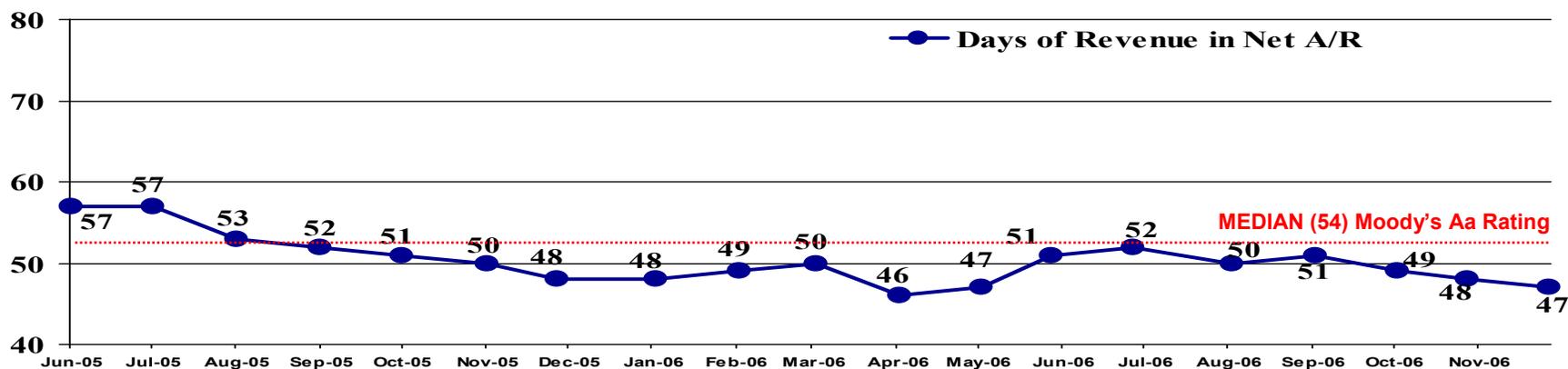


NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$367,396	\$353,652	\$328,521	\$13,744	3.9%	\$38,875	11.8%
Appropriations	6,703	6,703	6,703	0	0.0%	0	0.0%
Other Operating Revenue	19,258	19,752	19,156	(494)	-2.5%	102	0.5%
Total Revenue	\$393,357	\$380,107	\$354,380	\$13,250	3.5%	\$38,977	11.0%
EXPENSES:							
Salaries and Wages	\$198,734	\$195,501	\$181,665	\$3,233	1.7%	\$17,069	9.4%
General Expenses	144,003	145,390	134,957	(1,387)	-1.0%	9,046	6.7%
Operating Expense before Capital	342,737	340,891	316,622	1,846	0.5%	26,115	8.2%
Earnings Before Depreciation, Interest, and Amortization (EBDITA)	50,620	39,216	37,758	11,404	29.1%	12,862	34.1%
Capital- Depreciation and Amortization	27,844	27,131	24,719	713	2.6%	3,125	12.6%
Total Operating Expense	\$370,581	\$368,022	\$341,341	\$2,559	0.7%	\$29,240	8.6%
Operating Income	\$22,776	\$12,085	\$13,039	\$10,691	88.5%	\$9,737	74.7%
Operating Margin %	5.8%	3.2%	3.7%	2.6%	81.3%	2.1%	56.8%
Gain (Loss) on Investments	11,069	4,902	5,492	6,167	125.8%	5,577	101.5%
Non-Recurring Items	0	0	1,700	0	0.0%	(1,700)	-100.0%
Net Income	33,845	16,987	20,231	16,858	99.2%	13,614	67.3%
Net Margin %	8.6%	4.5%	5.7%	4.1%	91.1%	2.9%	50.9%

NOTE: all dollar amounts are in thousands

Comparative Accounts Receivable at December 31, 2006

	June 30, 2005	June 30, 2006	December 31, 2006
Net Accounts Receivable	\$93,964,049	\$95,976,921	\$93,481,675
Net Days in AR	57	51	47



Admissions by Clinical Department

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
CDD	3	29	30	(26)	-89.8% ●	(27)	-90.0% ●
Family Medicine	442	390	361	52	13.2% ●	81	22.4% ●
General Surgery	1,593	1,443	1,411	150	10.4% ●	182	12.9% ●
Internal Medicine	3,911	3,666	3,649	245	6.7% ●	262	7.2% ●
Neurology	665	548	480	117	21.4% ●	185	38.5% ●
Neurosurgery	1,029	1,081	1,078	(52)	-4.8% ●	(49)	-4.6% ●
Obstetrics/Gynecology	1,484	1,309	1,278	175	13.4% ●	206	16.1% ●
Ophthalmology	43	52	51	(9)	-16.8% ●	(8)	-15.7% ●
Orthopedics	1,185	1,038	1,040	147	14.2% ●	145	13.9% ●
Otolaryngology	287	355	347	(68)	-19.1% ●	(60)	-17.3% ●
Pediatrics	1,223	1,122	1,073	101	9.0% ●	150	14.0% ●
Psychiatry	1,131	1,169	1,160	(38)	-3.3% ●	(29)	-2.5% ○
Cardiothoracic	259	279	281	(20)	-7.2% ●	(22)	-7.8% ●
Urology	355	350	350	5	1.4% ○	5	1.4% ○
Other	101	98	98	3	3.1% ●	3	3.1% ●
Total	13,711	12,928	12,687	783	6.1% ●	1,024	8.1% ●

		
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
Cardiothoracic	509	467	446	42	9.0% ●	63	14.1% ●
Dentistry	72	60	67	12	19.1% ●	5	7.5% ●
Dermatology	0	0	0	0	0.0% ○	0	0.0% ○
General Surgery	1,371	1,304	1,241	67	5.2% ●	130	10.5% ●
Gynecology	389	322	304	67	20.6% ●	85	28.0% ●
Internal Medicine	0	0	0	0	0.0% ○	0	0.0% ○
Neurosurgery	836	901	901	(65)	-7.2% ●	(65)	-7.2% ●
Ophthalmology	55	64	60	(9)	-13.8% ●	(5)	-8.3% ●
Orthopedics	1,421	1,321	1,333	100	7.6% ●	88	6.6% ●
Otolaryngology	380	437	435	(57)	-13.0% ●	(55)	-12.6% ●
Pediatrics	0	0	0	0	0.0% ○	0	0.0% ○
Urology w/ Procedure Ste.	365	340	326	25	7.3% ●	39	12.0% ●
Total	5,398	5,215	5,113	183	3.5% ●	285	5.6% ●

		
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Outpatient Surgeries – by Clinical Department

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
Cardiothoracic	41	38	33	3	7.3% 	8	24.2% 
Dentistry	231	238	220	(7)	-3.1% 	11	5.0% 
Dermatology	3	3	3	0	0.0% 	0	0.0% 
General Surgery	758	688	665	70	10.2% 	93	14.0% 
Gynecology	292	263	239	29	10.9% 	53	22.2% 
Internal Medicine	6	7	11	(1)	-19.2% 	(5)	-45.5% 
Neurosurgery	49	47	52	2	4.2% 	(3)	-5.8% 
Ophthalmology	1,320	1,398	1,416	(78)	-5.6% 	(96)	-6.8% 
Orthopedics	1,138	1,257	1,248	(119)	-9.5% 	(110)	-8.8% 
Otolaryngology	979	922	876	57	6.2% 	103	11.8% 
Pediatrics	2	3	4	(1)	-33.3% 	(2)	-50.0% 
Urology w/ Procedure Ste.	544	563	556	(19)	-3.4% 	(12)	-2.2% 
Total	5,363	5,429	5,323	(66)	-1.2% 	40	0.8% 

		
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Emergency Treatment Center

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
ETC Visits	19,050	17,671	17,202	1,379	7.8% ●	1,848	10.7% ●
ETC Admits	5,500	4,932	4,788	568	11.5% ●	712	14.9% ●
Conversion Factor	28.9%	27.9%	27.8%		3.4% ●		3.7% ●
ETC Admits / Total Admits	40.1%	38.1%	37.7%		5.2% ●		6.3% ●

		
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Clinic Visits by Clinical Department

July 2006 through December 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Review (YTD)							
Anesthesia	8,127	8,410	8,668	(283)	-3.4% ●	(541)	-6.2% ●
CDD	3,182	2,666	2,690	516	19.4% ●	492	18.3% ●
Clinical Research	4,022	4,634	4,831	(612)	-13.2% ●	(809)	-16.8% ●
Dermatology	11,137	10,780	11,001	357	3.3% ●	136	1.2% ○
ETC	18,843	16,820	16,879	2,023	12.0% ●	1,964	11.6% ●
Employee Health Clinic	7,488	8,473	7,849	(985)	-11.6% ●	(361)	-4.6% ●
Family Care Center	51,601	48,506	48,992	3,095	6.4% ●	2,609	5.3% ●
General Surgery	12,912	11,902	11,767	1,010	8.5% ●	1,145	9.7% ●
Hospital Dentistry	10,682	10,796	10,565	(114)	-1.1% ○	117	1.1% ○
Internal Medicine	50,544	49,814	50,236	730	1.5% ○	308	0.6% ○
Neurology	7,770	8,750	9,308	(980)	-11.2% ●	(1,538)	-16.5% ●
Neurosurgery	4,325	4,394	4,665	(69)	-1.6% ○	(340)	-7.3% ●
Obstetrics/Gynecology	31,762	30,415	29,690	1,347	4.4% ●	2,072	7.0% ●
Ophthalmology	30,953	30,099	30,740	854	2.8% ●	213	0.7% ○
Orthopedics	25,394	24,617	25,334	777	3.2% ●	60	0.2% ○
Otolaryngology	14,299	13,922	13,671	377	2.7% ●	628	4.6% ●
Pediatrics	15,319	14,428	13,911	891	6.2% ●	1,408	10.1% ●
Psychiatry	18,879	18,828	18,525	51	0.3% ○	354	1.9% ○
Cardiothoracic	1,033	1,070	1,044	(37)	-3.5% ●	(11)	-1.1% ○
Urology	7,567	7,943	8,610	(376)	-4.7% ●	(1,043)	-12.1% ●
Other	2,853	1,077	577	1,776	164.9% ●	2,276	394% ●
Total	338,692	328,345	329,553	10,347	3.2% ●	9,139	2.8% ●



Greater than 2.5% Favorable



Neutral



Greater than 2.5% Unfavorable

Scorecard

July 2006 through December 2006

INNOVATIVE CARE					
INDICATOR	FY2005 Actual	FY2006 Actual	FY '07 Q1	FY '07 Q2	FY2007 Target
Market Share	6.9%	7.1%	7.7%	[A]	7.2%
Primary service area market share	22.7%	22.3%	23.8%	[A]	22.4%
Acute Admissions	25,063	26,030	27,716 [C]	27,120 [B]	26,011
Clinic Visits (UIHC only)	668,456	673,947	671,023 [C]	676,871 [B]	671,477
Clinic visits (outreach and CMS)	182,764	182,901	168,200 [C]	176,292 [B]	
Average Length of Stay	6.99	6.71	6.66	6.65	6.40
EXCELLENT SERVICE					
INDICATOR	FY2005 Actual	FY2006 Actual	FY '07 Q1	FY '07 Q2	FY2007 Target
Patient Satisfaction - Adult	81.7	82.0	82.1	82.1	83.9
Patient Satisfaction - Adult ETC	81.7	82.9	83.4	83.9	85.0
Patient Satisfaction - Pediatric	80.2	81.2	85.3	85.3	86.4
Patient Satisfaction - Pediatric ETC	80.2	81.2	80.8	81.3	82.9
EXCEPTIONAL OUTCOMES					
INDICATOR	FY2005 Actual	FY2006 Actual	FY '07 Q1	FY '07 Q2	FY2007 Target
Observed/Expected Mortality Ratio	0.77	0.68	0.67	not yet available	less than 1.0
STRATEGIC SUPPORT					
INDICATOR	FY2005 Actual	FY2006 Actual	FY '07 Q1	FY '07 Q2	FY2007 Target
Cost Per Adjusted Discharge	\$8,941	\$8,796	\$8,840	\$8,833	\$8,928
Operating Margin	3.03%	3.72%	4.40%	5.79%	3.40%
Earnings Before Interest, Taxes, Depreciation and Amortization Margin	10.63%	11.08%	11.45%	12.87%	11.40%
Employee Vacancy Rate	2.00%	2.32%	1.30%	2.61%	3.00%

**CMI adjusted

[A] FY 2007 Q1 & Q2 expected May 2007, FY 2007 Q3 & Q4 expected November 2007

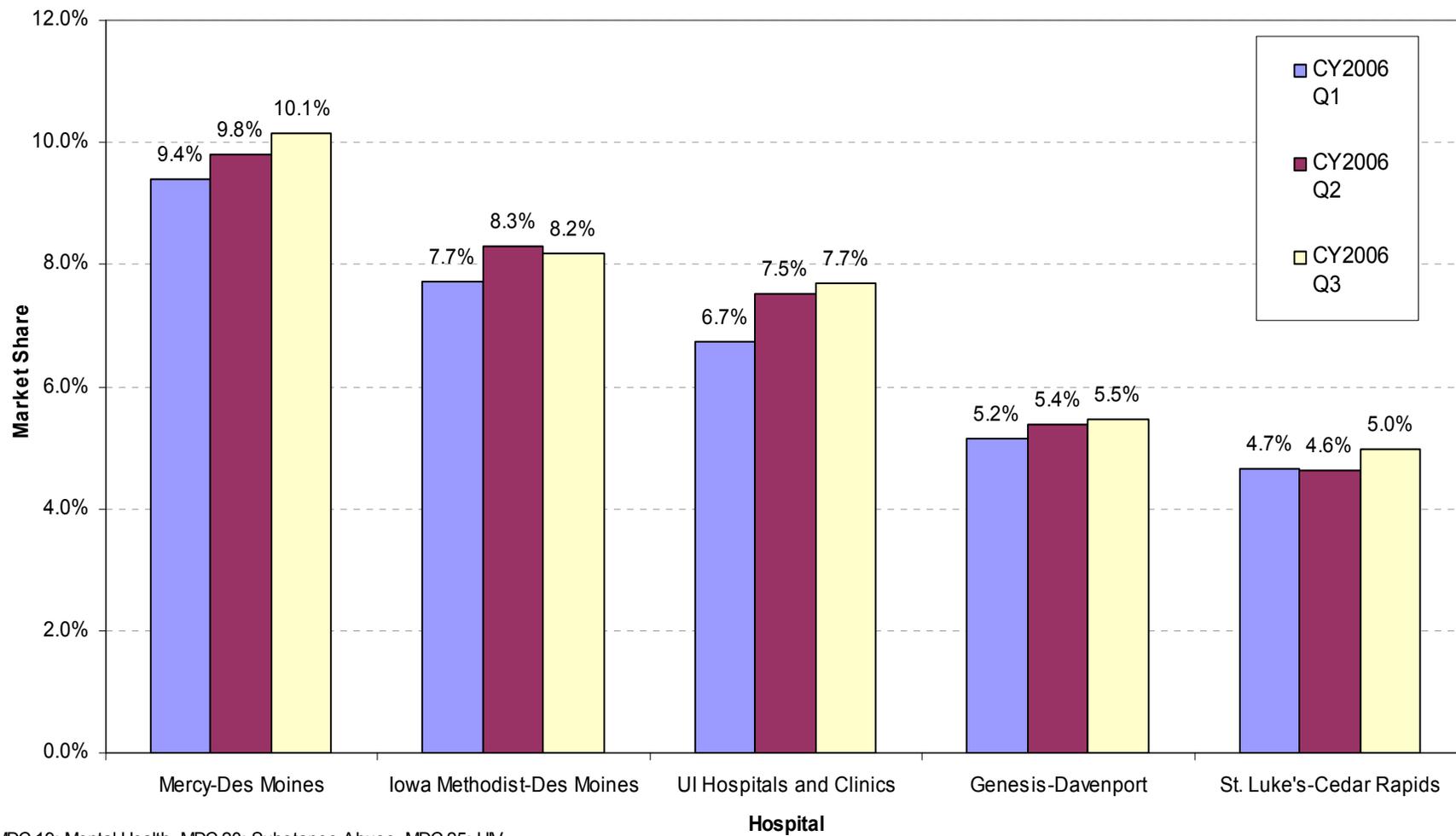
[B] Trended Annual Projection from September 2006 fiscal YTD actuals: Acute admissions: 6,929; Clinic visits (UIHC only): 167,596; Clinic Visits (outreach and CMS): 167,596; Operating margin: 11.45%

Market Share

- Data from July-September 2006 released by the Iowa Hospital Association
 - UI Hospitals and Clinics ranks 3rd in statewide inpatient market share with 7.7%, an increase of .2 percentage points over last quarter
 - UI Hospitals and Clinics ranks 2nd in the ten-county primary service area
 - UI Hospitals and Clinics continues to lead in market share for Johnson County discharges with 54.2%, an increase of .9 percentage points over last quarter
- Major service line statewide inpatient market share rankings for UIHC

Service Line	CY06 Q3	Ranking
Pediatrics/Children's Care	18.1%	1st
Heart/Vascular	6.2%	4th
Cancer Care	17.4%	1st
Neurology	12.9%	1st
Neurosurgery	24.4%	1st

Statewide Acute Inpatient Market Share by Top Hospitals By Quarter (CY2006 Q1-Q3) Excludes MDC's 19, 20 and 25



MDC 19: Mental Health, MDC 20: Substance Abuse, MDC 25: HIV

Acute Inpatient Market Share by Top Hospitals (CY 2006)

	Market Share (CY 2006)		
Iowa	Q1	Q2	Q3
Mercy - Des Moines	9.4%	9.8%	10.1%
Iowa Methodist - Des Moines	7.7%	8.3%	8.2%
UI Hospitals and Clinics	6.7%	7.5%	7.7%
Primary Service Area	Q1	Q2	Q3
St. Luke's - Cedar Rapids	30.0%	29.0%	30.1%
UI Hospitals and Clinics	20.7%	23.2%	23.8%
Mercy - Cedar Rapids	19.4%	18.6%	17.7%
Johnson County	Q1	Q2	Q3
UI Hospitals and Clinics	49.4%	53.3%	54.2%
Mercy - Iowa City	45.0%	41.4%	39.9%
St. Luke's - Cedar Rapids	3.4%	2.9%	3.2%

Acute Inpatient Market Share by Top Hospitals (CY 2006) Children's Care

	Market Share (CY 2006)		
Iowa	Q1	Q2	Q3
Children's Hospital of Iowa	12.6%	16.8%	18.1%
Iowa Methodist - Des Moines	10.6%	13.5%	14.4%
Mercy – Des Moines	6.6%	8.7%	8.8%
Primary Service Area	Q1	Q2	Q3
Children's Hospital of Iowa	31.9%	39.9%	45.2%
St. Luke's – Cedar Rapids	37.4%	31.5%	27.1%
Mercy – Iowa City	11.5%	11.2%	10.5%
Johnson County	Q1	Q2	Q3
UI Hospitals and Clinics	65.6%	71.5%	74.1%
Mercy - Iowa City	30.0%	25.4%	23.9%
St. Luke's - Cedar Rapids	2.8%	2.6%	2.0%

Acute Inpatient Market Share by Top Hospitals (CY 2006) Heart and Vascular

	Market Share (CY 2006)		
Iowa	Q1	Q2	Q3
Mercy - Des Moines	12.2%	13.3%	12.8%
Iowa Methodist - Des Moines	7.1%	7.2%	7.9%
UI Hospitals and Clinics	6.1%	6.9%	6.2%
Primary Service Area	Q1	Q2	Q3
St. Luke's - Cedar Rapids	29.6%	27.8%	31.2%
Mercy – Cedar Rapids	19.9%	19.7%	20%
UI Hospitals and Clinics	17.4%	20.7%	17.9%
Johnson County	Q1	Q2	Q3
Mercy – Iowa City	55.8%	49.5%	51.7%
UI Hospitals and Clinics	40.5%	46.6%	43.1%
St. Luke's – Cedar Rapids	3.0%	1.1%	3.0%

Acute Inpatient Market Share by Top Hospitals (CY 2006) Cancer Care

	Market Share (CY 2006)		
Iowa	Q1	Q2	Q3
UI Hospitals and Clinics	16.7%	18.4%	17.4%
Iowa Methodist - Des Moines	11.4%	11.6%	11.5%
Mercy – Des Moines	10.8%	10.7%	11.3%
Primary Service Area	Q1	Q2	Q3
UI Hospitals and Clinics	35.5%	41.4%	37.1%
St. Luke’s – Cedar Rapids	19.7%	16.7%	22.3%
Mercy- Iowa City	16.8%	14.5%	16.9%
Johnson County	Q1	Q2	Q3
UI Hospitals and Clinics	59.1%	69.7%	60.0%
Mercy – Iowa City	37.6%	26.5%	37.3%
Mercy – Cedar Rapids	1.1%	0.8%	1.3%

Acute Inpatient Market Share by Top Hospitals (CY 2006) Neurology

	Market Share (CY 2006)		
Iowa	Q1	Q2	Q3
UI Hospitals and Clinics	11.5%	12.5%	12.9%
Mercy – Des Moines	7.9%	8.7%	9.0%
Genesis – Davenport	5.5%	6.8%	6.7%
Primary Service Area	Q1	Q2	Q3
UI Hospitals and Clinics	29.9%	31.5%	37.8%
St. Luke’s – Cedar Rapids	15.7%	21.4%	18.5%
Mercy- Cedar Rapids	19.4%	16.9%	16.9%
Johnson County	Q1	Q2	Q3
UI Hospitals and Clinics	39.4%	54.5%	61.4%
Mercy – Iowa City	54.9%	40.9%	35.7%
Mercy – Cedar Rapids	4.2%	0.0%	1.4%

Acute Inpatient Market Share by Top Hospitals (CY 2006) Neurosurgery

	Market Share (CY 2006)		
	Q1	Q2	Q3
Iowa			
UI Hospitals and Clinics	24.8%	26.0%	24.4%
Iowa Methodist – Des Moines	9.9%	10.9%	10.8%
Mercy – Des Moines	9.3%	9.6%	10.4%
Primary Service Area	Q1	Q2	Q3
UI Hospitals and Clinics	58.2%	53.4%	55.1%
Mercy – Cedar Rapids	19.3%	18.9%	20.7%
St. Luke’s – Cedar Rapids	9.6%	10.2%	9.8%
Johnson County	Q1	Q2	Q3
UI Hospitals and Clinics	72.7%	67.2%	74.0%
Mercy – Iowa City	25.0%	29.9%	18.0%
Mercy – Cedar Rapids	0.0%	3.0%	6.0%

Institute of Orthopaedics, Sports Medicine and Rehabilitation

Donna Katen-Bahensky

Senior Associate Vice President for Medical Affairs
and Chief Executive Officer - UIHC

Shane Cerone

Senior Assistant Director, UIHC

Denise Rettig

Administrative Fellow, UIHC

Project Collaborators

Joseph Buckwalter, MD
Professor and Head
Department of Orthopaedics & Rehabilitation

Ned Amendola, MD
Professor and Director
University of Iowa Sports Medicine Center

Richard K. Shields, PT, Ph.D.
Director and Professor
Graduate Program in Physical Therapy & Rehabilitation Sciences

Gary Barta
Director of Athletics
University of Iowa

Shane Cerone
Senior Assistant Director, UIHC

Denise Rettig
Administrative Fellow, UIHC

Outline

- Statement of Issue
- Industry Trends
- Strategic Initiatives
- Vision and Model
- Proposal
- Description of Service
- Critical Success Factors
- Facility
- Business Model and Volumes

Statement of Issue

- Increased patient demand for immediate access to care
- Extended life expectancy results in a more active population
- Desire for a high quality of life drives wellness initiatives and exercise
- Future prominence dependent upon advancing the health of an active adult population
- Maintain position as national leader
- Create a resource that allows highest quality patient care delivered in a location that is conveniently accessed by patients

Industry Trends

- Sports medicine services are responsible for 53% of total profits for all hospital outpatient sub-service lines (The Health Care Advisory Board)
- National trend toward off-site care (Advisory Board)
 - Outpatient surgery moving off-site
 - Sub-specialty focus in a multidisciplinary environment
 - Developed to meet patient expectations
 - Emphasis on patient access and service
- Development of prominent Academic Sports Medicine programs
 - Michigan
 - Florida
 - Utah

Strategic Initiatives

- **Strategy 1.1** – Create a framework for system transformation that fully and effectively implements UIHC’s Ambulatory Standards of Excellence and develops similar care standards for inpatient services
 - Immediate (same day/next day) access to care
 - Comprehensive care with imaging and rehabilitation on-site
 - Easily accessible location
- **Strategy 1.2** – Create coordinated, interdisciplinary, multi-departmental care models; provide seamless, collaborative approach to care
 - Multidisciplinary team approach
(Surgeons, primary care physicians, pediatric sports specialists, physical therapists, physician assistants, athletic trainers, nurses and other professionals with unique expertise to patient care, education and research endeavors)
 - Future specialization in women and aging populations

Strategic Initiatives (cont'd)

- **Strategy 1.3** – Train next generation of physicians, health care professionals, and the public in newest and best care delivery models
 - Host site for visitors, students, professors
 - Training ground for future physicians and professionals
- **Strategy 1.4** – Enhance and expand scientific efforts in health science research
 - Capitalize on strong relationship between nationally accredited programs (Department of Orthopaedics and Rehabilitation and the Graduate Program in Physical Therapy and Rehabilitation Science)
 - Increase ability to carry out research initiatives and extramural funding
 - Provide treatment from experts who are leaders in their field and pioneers in orthopaedics and sports medicine

Vision and Fulfillment of Strategic Initiatives

- Vision
 - To be the orthopaedic and rehabilitation provider patients choose for innovative care, excellent service and exceptional outcomes by offering high quality, patient-centered care in a convenient location
- Model
 - Foster a multi-disciplinary team approach to treatment, imaging and rehabilitation, providing care that exceeds the competition in clinical expertise, outcomes, and quality of life improvement

Proposal

Develop the Institute for Orthopaedics, Sports Medicine and Rehabilitation (IOSMR)

- Establish facility west of the Roy G. Karro Hall of Fame
- Building size of 27,300 (BGSF), accommodating 16 exam rooms – with additional 20,000 (BGSF) for academics and research
- Focus on Sports Medicine with other select ambulatory services
- Clinic, imaging and rehabilitation in a single, convenient location
- Establish a center where clinical care and research highlight our academic difference
- Relocation of other orthopaedic services and facilities from UIHC main campus

IOSMR will support the University of Iowa's academic programs in physical therapy, athletic training, and rehabilitation; and continue to build on a strong relationship with University of Iowa Athletics.

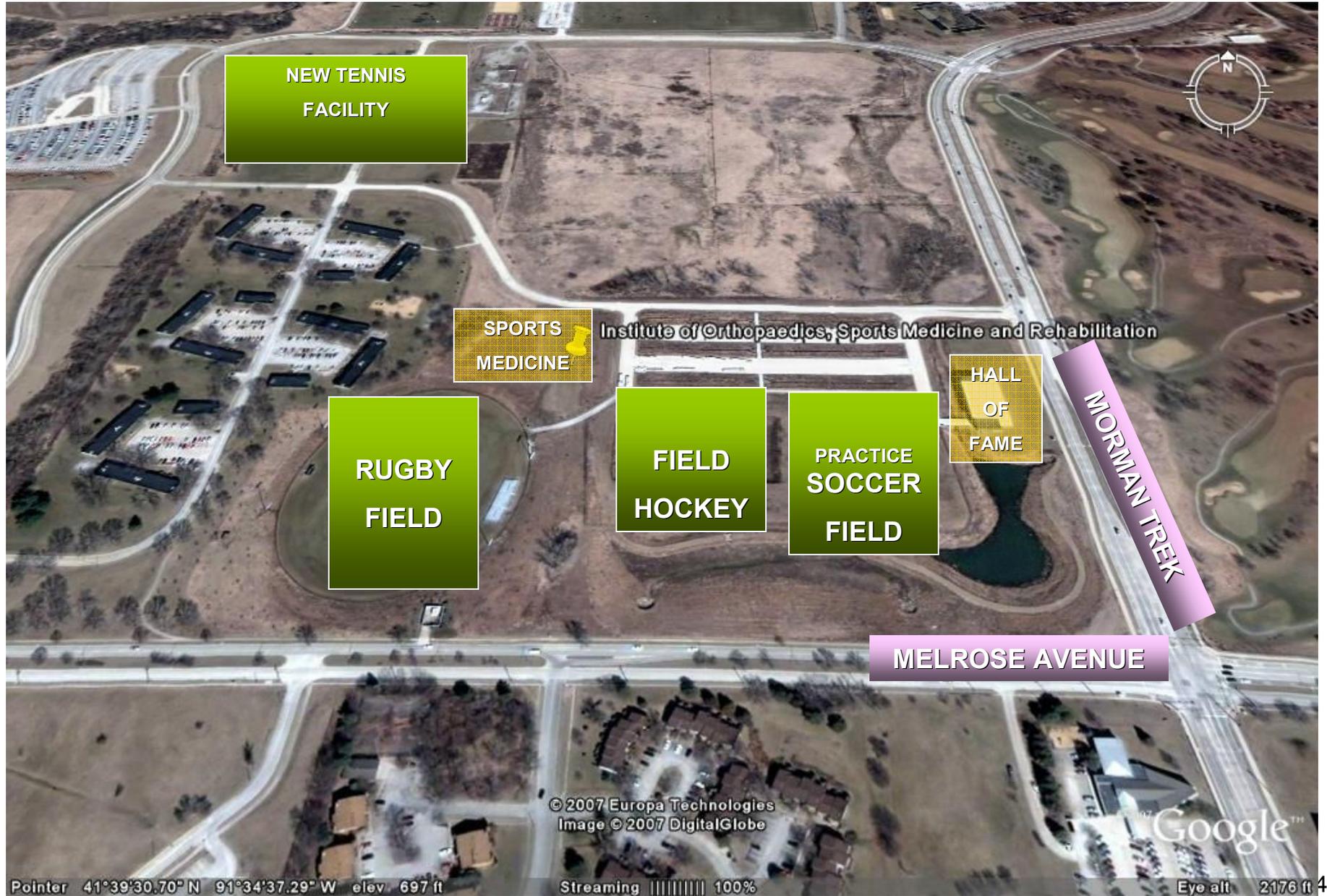
Description of Service

- Provider Complement
 - 5 Orthopaedic Surgeons
 - Geriatrics
 - Women's Health
 - 2 Primary Care Physicians
 - 2 Physician Assistants
 - 1.5 Psychiatrists
 - .5 Primary Care Sports Medicine Fellows
- Same day/next day access
- Multidisciplinary care
- Imaging and rehabilitation services on-site
- Academic Difference – research and education on-site

Critical Success Factors

- Improve patient access
 - Same day/next day appointment
 - Convenient location with multidisciplinary care
- Expand sports medicine team's complement of skills
- Expand referral networks
- Increase the rate of orthopaedic surgeon new vs. return appointment distribution
- Improve rehabilitation services
- Increase educational opportunities
- Expand research initiatives and funding
 - Motion Analysis Laboratory
 - Neuromuscular Control Laboratory
 - Virtual Rehabilitation & Training Center
 - Physiology Laboratory
 - Surgical Skills Laboratory
 - Data Management Laboratory
 - Mechanical and Electronics Laboratory

Facility Location





Total Estimated Cost of Facility

- Including Clinical, Research, Academic, and Support Areas

Building Square Footage	48,800
Facility Cost Estimate	\$10,386,066
Equipment Cost Estimate	<u>\$3,642,934</u>
TOTAL PROJECT COST ESTIMATE	\$14,029,000

Clinic Facility

	Function	Sq. Ft.	Cost (Facility + Equipment)
1)	Clinic	9,000	\$1,739,000
2)	Imaging	4,000	\$3,821,000
3)	Physical Therapy	8,500	\$2,188,000
4)	Administrative Offices	2,500	\$516,000
5)	Public Spaces/Building Support	3,300	\$692,000
	Subtotal	27,300	\$8,956,000

- Space allocation for at least 16 exam rooms
- Includes Clinic, Imaging, Physical Therapy, and Public Spaces & Building Support

Building Cost Estimate	\$5,468,566
Equipment Cost Estimate (Including Radiology)	\$3,487,434
	<hr/>
TOTAL CLINIC FACILITY COST ESTIMATE	\$8,956,000

Research, Academic, and Support Facility

	Function	Sq. Ft.	Cost (Facility + Equipment)
1)	Athletic Training	1,000	\$250,000
2)	Athletic Performance	3,700	\$856,000
3)	Research Center	11,725	\$2,724,000
4)	Skills Laboratory	1,375	\$316,000
5)	Conference Center	2,000	\$529,000
6)	Retail Space	1,700	\$398,000
	Subtotal	21,500	\$5,073,000

Facility Cost Estimate	\$4,917,500
Equipment Cost Estimate	\$155,500
	<hr/>
TOTAL RESEARCH, ACADEMIC AND SUPPORT FACILITY COST ESTIMATE	\$5,073,000

Business Model and Volumes

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>Yr00</u> <u>FY08</u>	<u>Yr02</u> <u>FY10</u>	<u>Yr04</u> <u>FY12</u>	<u>Yr06</u> <u>FY14</u>	<u>Yr08</u> <u>FY16</u>	<u>Yr10</u> <u>FY18</u>
Exam Rooms									
Exam Rooms	8	8	8	8	16	16	16	16	16
Encounters (New)	1,990	2,093	3,056	3,886	7,111	9,934	11,150	12,000	12,600
Encounters (Return)	6,100	6,440	6,730	7,702	10,413	14,259	16,327	20,342	21,290
Total Encounters	8,090	8,533	9,786	11,588	17,524	24,193	27,477	32,342	33,890
Rehabilitation									
Number of Cases [A]	4,900	5,168	5,927	7,019	10,614	14,654	16,643	19,589	20,527
Rehabilitation BGSF					8,500	8,500	8,500	8,500	8,500
Radiology									
DR X-Rays	2,600	2,742	3,145	3,724	5,632	7,775	8,831	10,394	10,892
MRIs	611	644	739	875	1,323	1,827	2,075	2,443	2,560
DR X-ray Rooms (SMC specific)	NA	NA	NA	NA	2	2	2	2	2
MRI Rooms (SMC specific)	NA	NA	NA	NA	1	1	1	1	1
Outpatient Surgery									
Number of Procedures	707	744	784	937	1,137	1,540	1,759	2,061	2,274
Clinic Encounters/Outpatient Procedure	11	11	12	12	15	16	16	16	15
New Procedures over Previous Year	NA	NA	40	153	83	218	107	124	142
Growth Rate	NA	NA	5.4%	19.5%	7.9%	16.5%	6.5%	6.4%	6.7%
# New Procedures over 06	NA	NA	40	193	393	796	1,015	1,317	1,530
Inpatient Cases									
Number of Cases	173	182	192	229	278	377	430	504	556
Staff (FTE)									
Clinicians									
Surgeons	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0
Primary Care Physicians/Fellow	0.2	0.2	1.7	1.7	2.5	2.5	2.5	2.5	2.5
Physiatrists	-	-	-	-	1.0	1.5	1.5	1.5	1.5
Physician Assistants	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Incremental Margin by Combined Revenue Source

Year	Combined Incremental Margin
FY09	\$280,229
FY10	\$481,649
FY11	\$881,996
FY12	\$1,395,607
FY13	\$1,602,804
FY14	\$1,811,179
FY15	\$2,178,910
FY16	\$2,399,359
FY17	\$2,515,433
FY18	\$2,821,714
Total (FY09-FY19)	\$16,368,880

- The financial impact of the growth in sports medicine volume is projected to be \$16.3 M over the 10-year business plan
- Return on Investment of 9.5%

Next Steps

- Approval recommended by Capital Allocations Committee
 - February 14, 2007
- Present “Permission to Proceed with Project Planning” to the Board of Regents, State of Iowa
 - March 13/14, 2007
- Pending approval of “Permission to Proceed”
 - Seek architectural assistance
 - Develop space program for Board Office approval
 - Pending approval of Program Statement, develop preliminary schematics and budget for Board Approval
 - Pending budget and schematic approval, complete design work
 - Submit project for bid and commence construction



IowaCare Update

Donna Katen-Bahensky

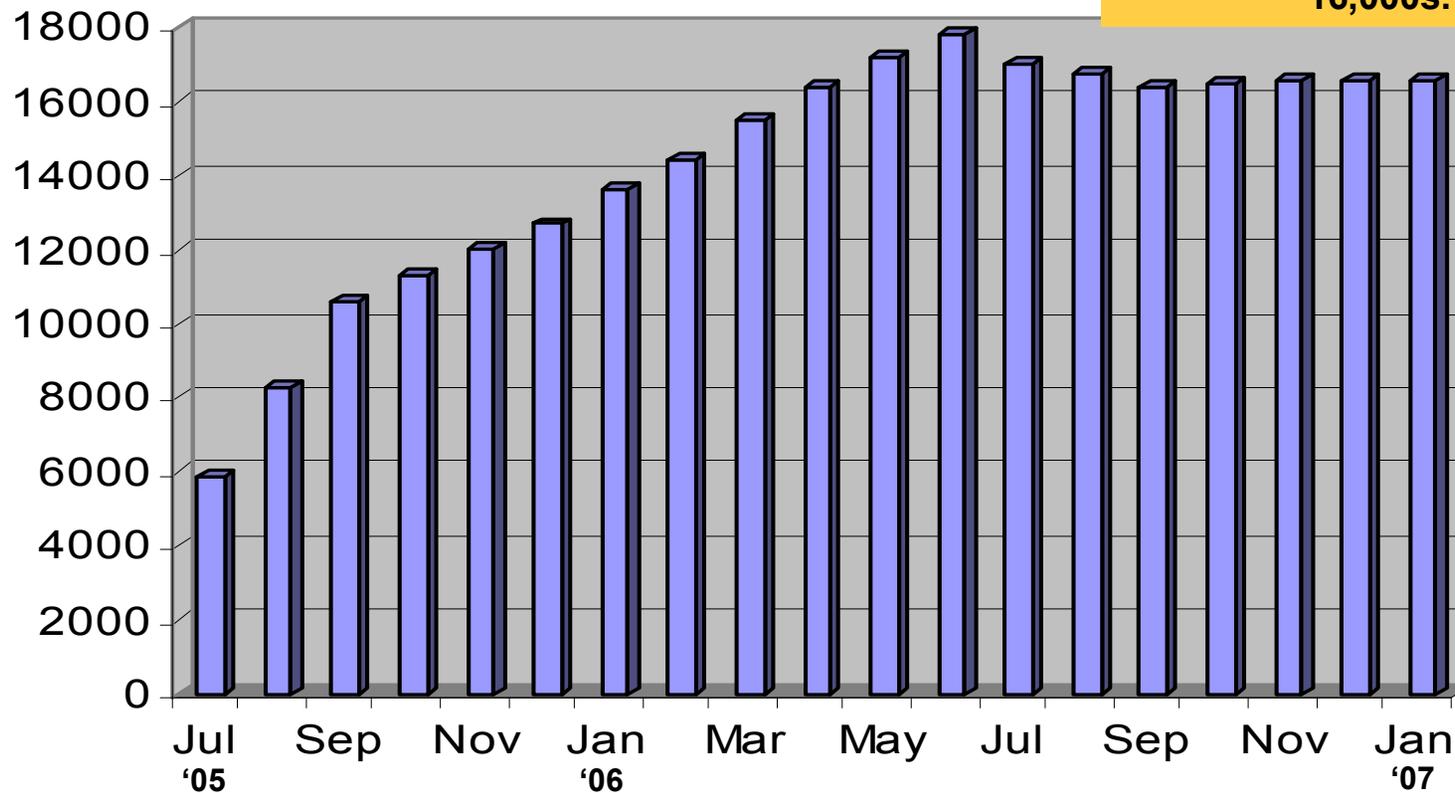
Senior Associate Vice President for Medical Affairs and Chief
Executive Officer - UIHC

Stacey Cyphert

Special Advisor to the President,
Special Advisor to the Dean of CCOM,
Senior Assistant Hospital Director

IowaCare & Chronic Care Enrollment (net of disenrollments)

IowaCare enrollment appears to have stabilized in the mid 16,000s.



Additional IowaCare Funding Required for UIHC

- Funding dedicated for IowaCare FY 07 payments to the University of Iowa Hospitals and Clinics (\$27.3 M appropriation plus \$3.7 M carry forward from FY 06) will be exhausted by mid April, and possibly sooner
- Additional dedicated funding in the range of \$9 M is anticipated to be necessary should it be desired to keep IowaCare operating at expected levels throughout FY 07
- Physicians will forgo approximately \$13.9 M worth of Medicaid reimbursement to ensure the care of IowaCare patients

IowaCare Nurse Helpline

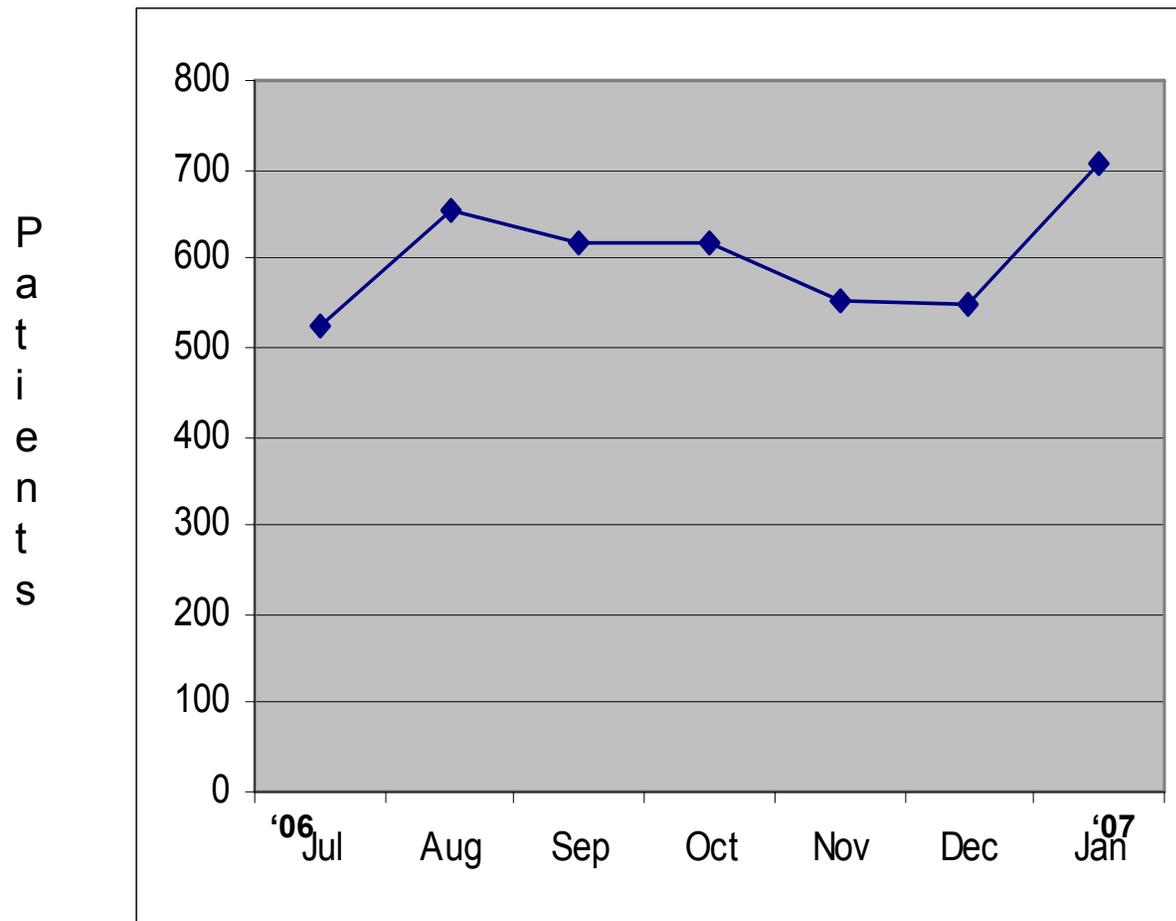
- The University of Iowa Hospitals and Clinics operates an IowaCare Nurse Helpline under contract with the Iowa Department of Human Services
- On average calls are picked up within 7 seconds and the average conversation lasts 5 minutes and 49 seconds
- 2,884 contact encounters occurred between October and December 2006
- Difficult to classify the subject matter discussed
- A survey of callers found the following:

Questions Asked	Can't Remember	No	Yes	TOTAL
May I ask you two Yes or No questions about your experience when you called the IowaCare Nurse Helpline?		1	24	25
Regardless of your level of agreement with the advice received, were you treated courteously during the telephone call?	1	2	21	24
Did you follow the advice provided?	1	4	19	24

UI Hospitals and Clinics' Pilot Pharmaceutical and Durable Medical Equipment Programs Are Serving Patients

- August 14, 2006, the UIHC implemented pilot programs without reimbursement to facilitate IowaCare beneficiary access to pharmaceuticals and durable medical equipment.
- Through the end of January, 2007:
 - Over 46,600 prescriptions have been filled at a cost for drugs, labor and shipping of approximately \$1.75 M.
 - Over 4,100 DME items have been provided at a cost in excess of \$142,000.

UIHC-Operated Patient Transportation in FY 07



Operate a fleet of 10 vans Monday through Friday.

Through January, 1,147 roundtrips have been completed covering 361,743 miles.

Average 3.7 patients per trip.

UIHC has incurred unreimbursed costs of \$442,000 through January.

Legislative Update

- An update on select legislative issues potentially impacting the University of Iowa Hospitals and Clinics will be provided.

Capital Projects Update

Donna Katen-Bahensky

Senior Associate Vice President for Medical Affairs and
Chief Executive Officer - UIHC

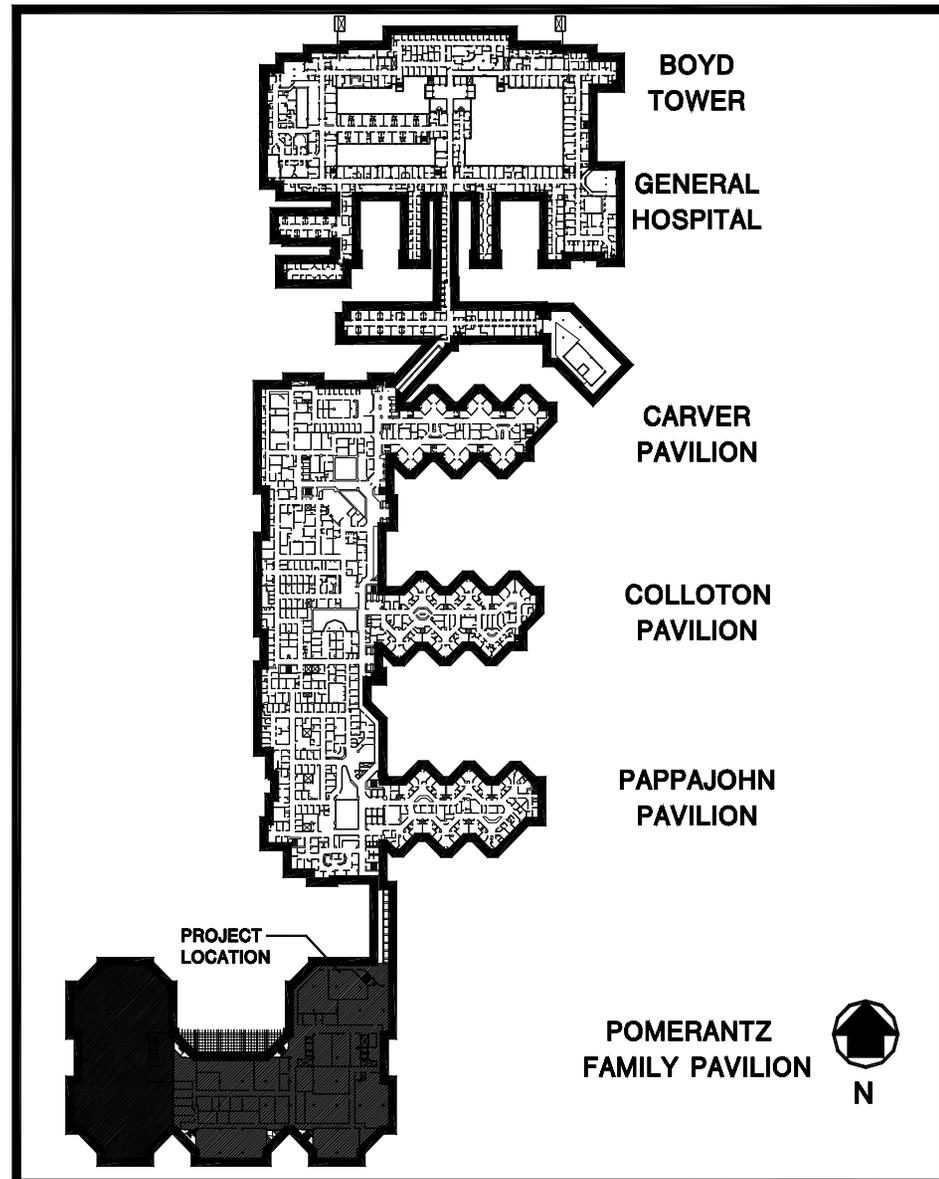
John Staley

Senior Associate Director, UIHC

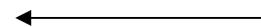
Ambulatory Surgery Center and Clinic Development

Budget: \$39,600,000

Area: 187,784 GSF

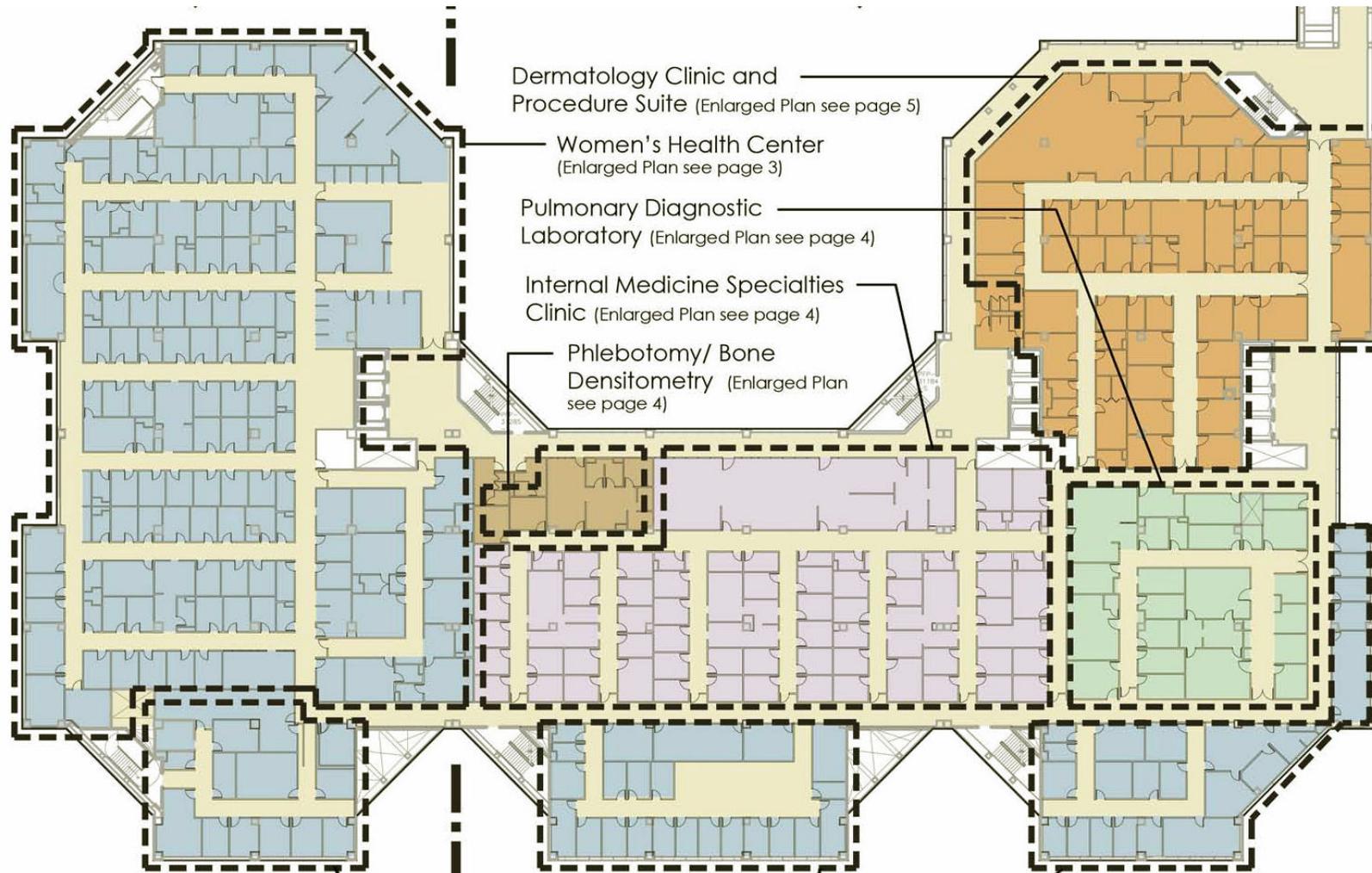


Ambulatory
Surgery Center

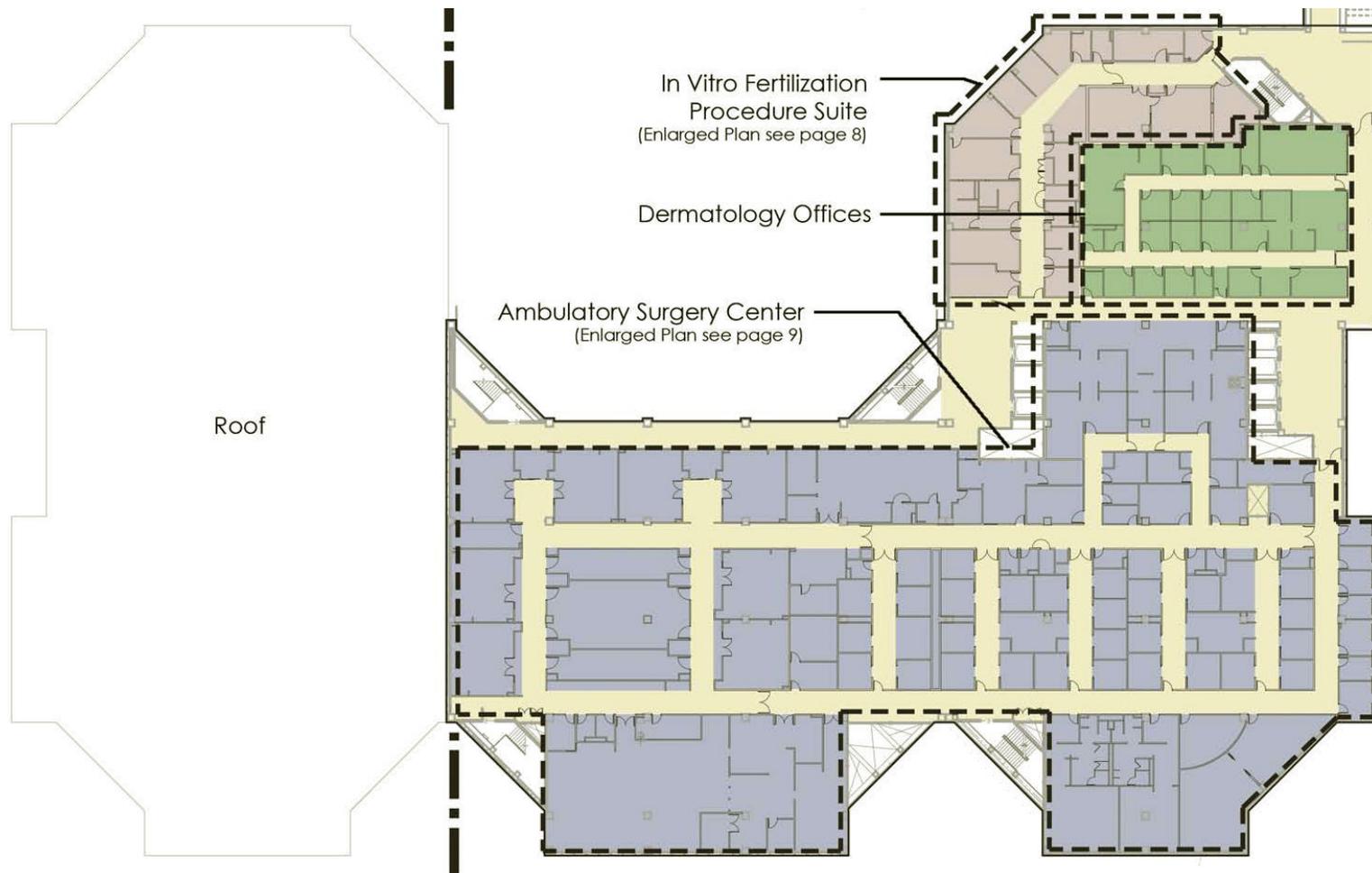


Recovery
Room

Pomerantz Family Pavilion – Level 3



Pomerantz Family Pavilion – Level 4



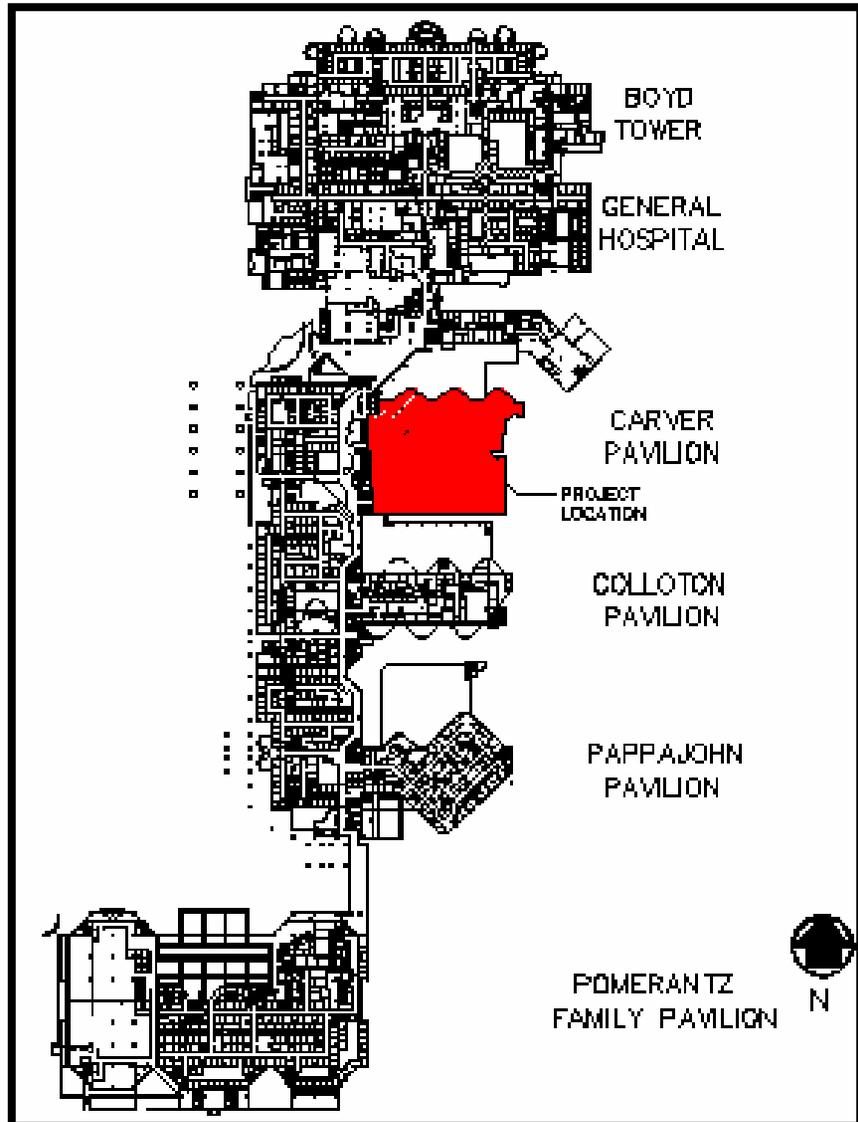
Women's Health Center Entrance – Looking North



Emergency Treatment Center Expansion and Renovation Project

Budget: \$30,000,000

Area: 62,400 GSF



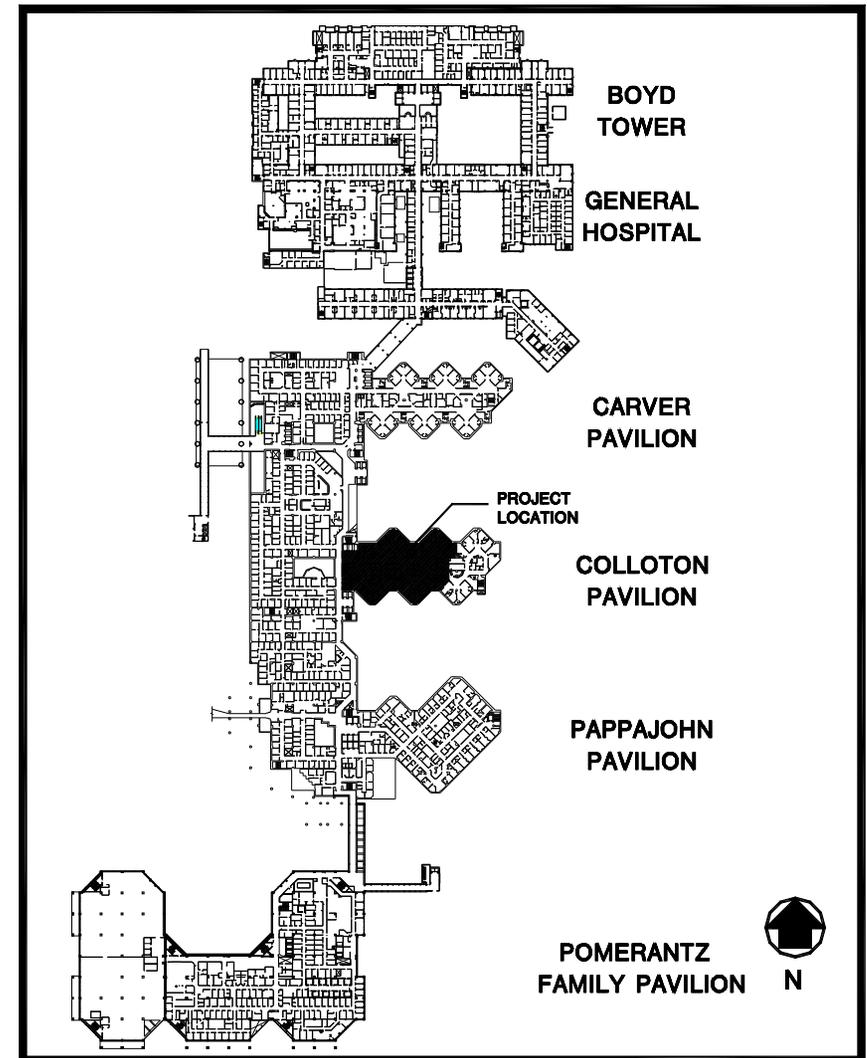
Emergency Treatment Center



Pediatric Inpatient Units Renovation – 2nd and 3rd Floors Colloton Pavilion

Budget: \$11,875,000

Area: 27,000 GSF



Pediatric Inpatient Unit – Patient Room



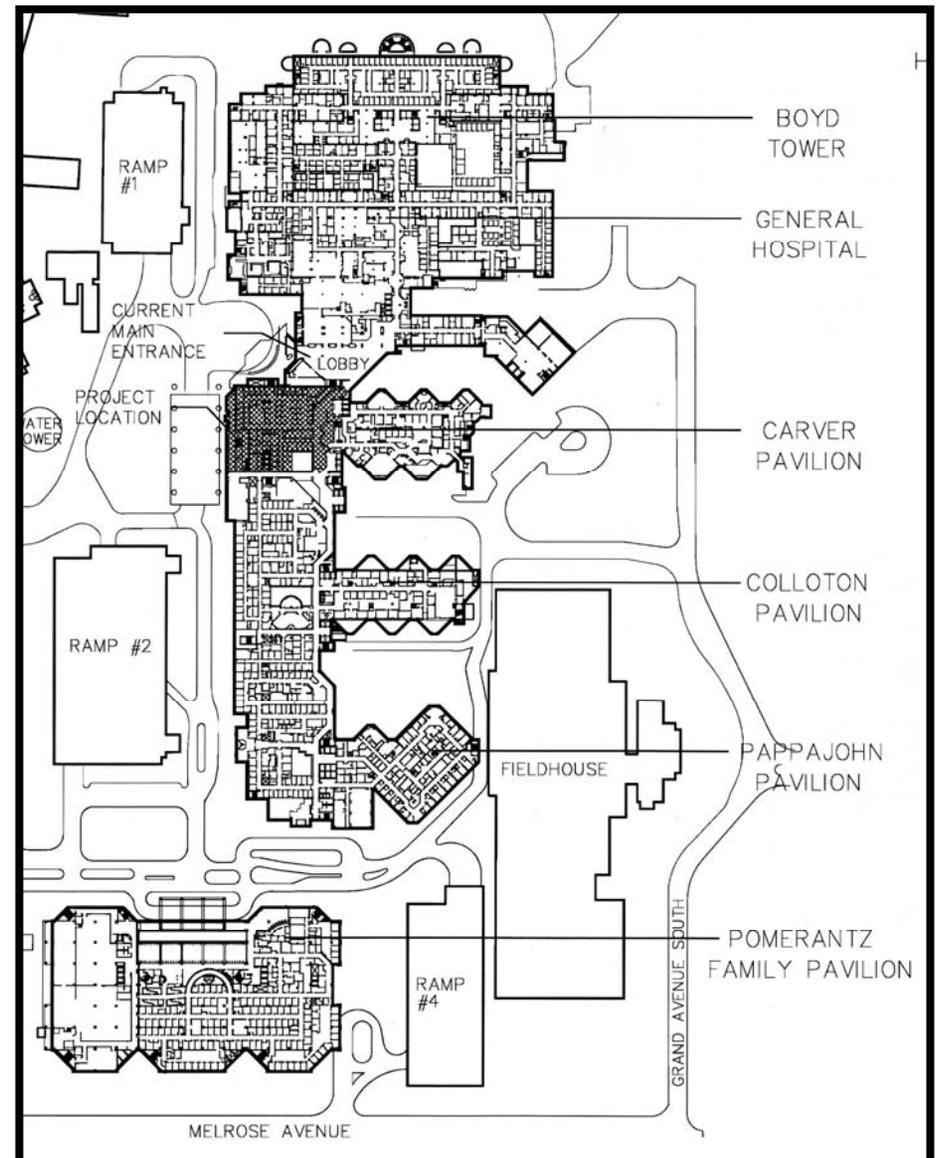
Pediatric Inpatient Unit – Nursing Station



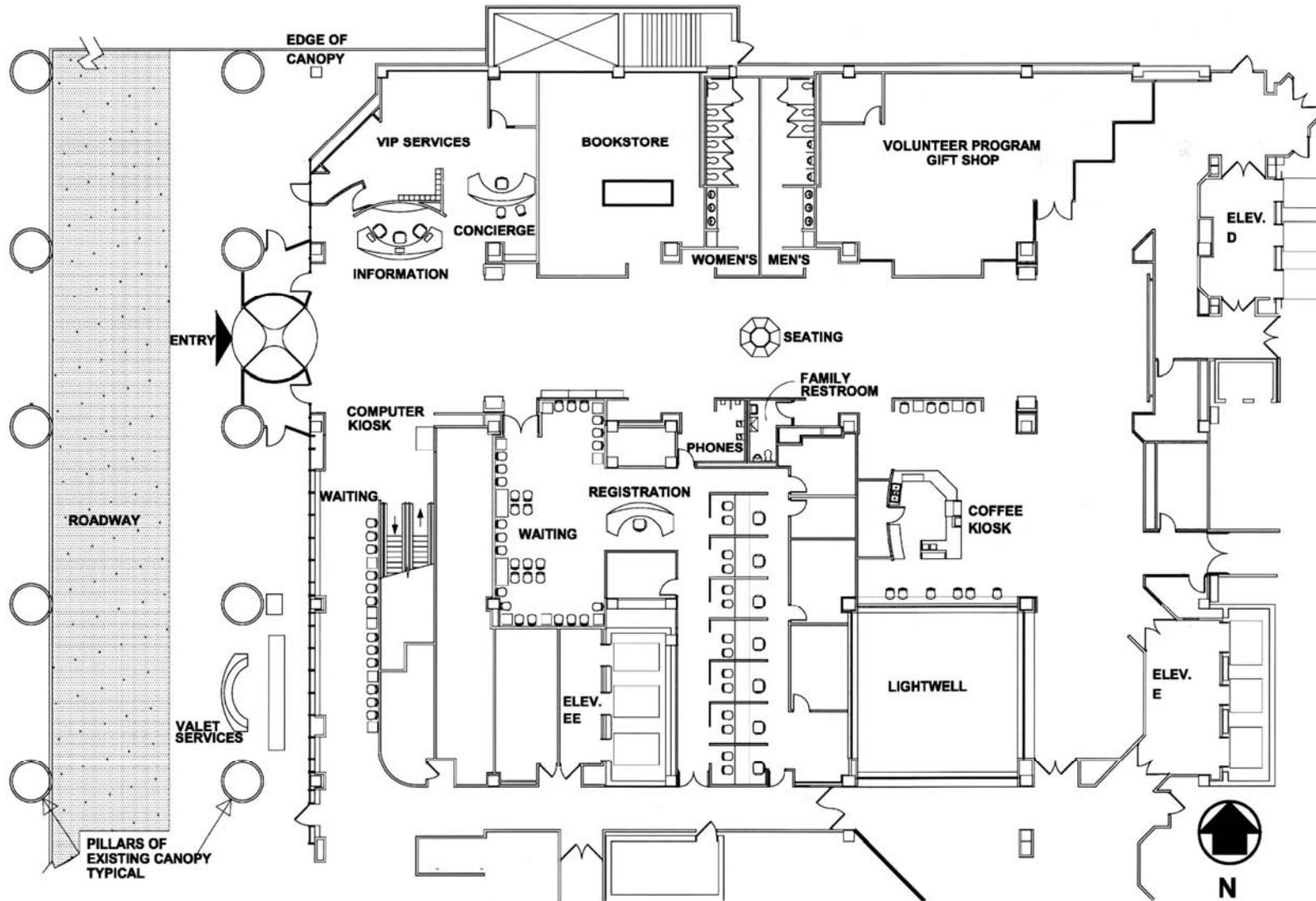
Patient and Visitor Services Center

Budget: \$11,875,000

Area: 27,000 GSF

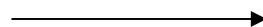


Patient and Visitor Services Center Proposed Floor Plan



Patient and Family Visitors Center

Main Concourse



Front Entry



Artwork by Susan
Chrysler-White

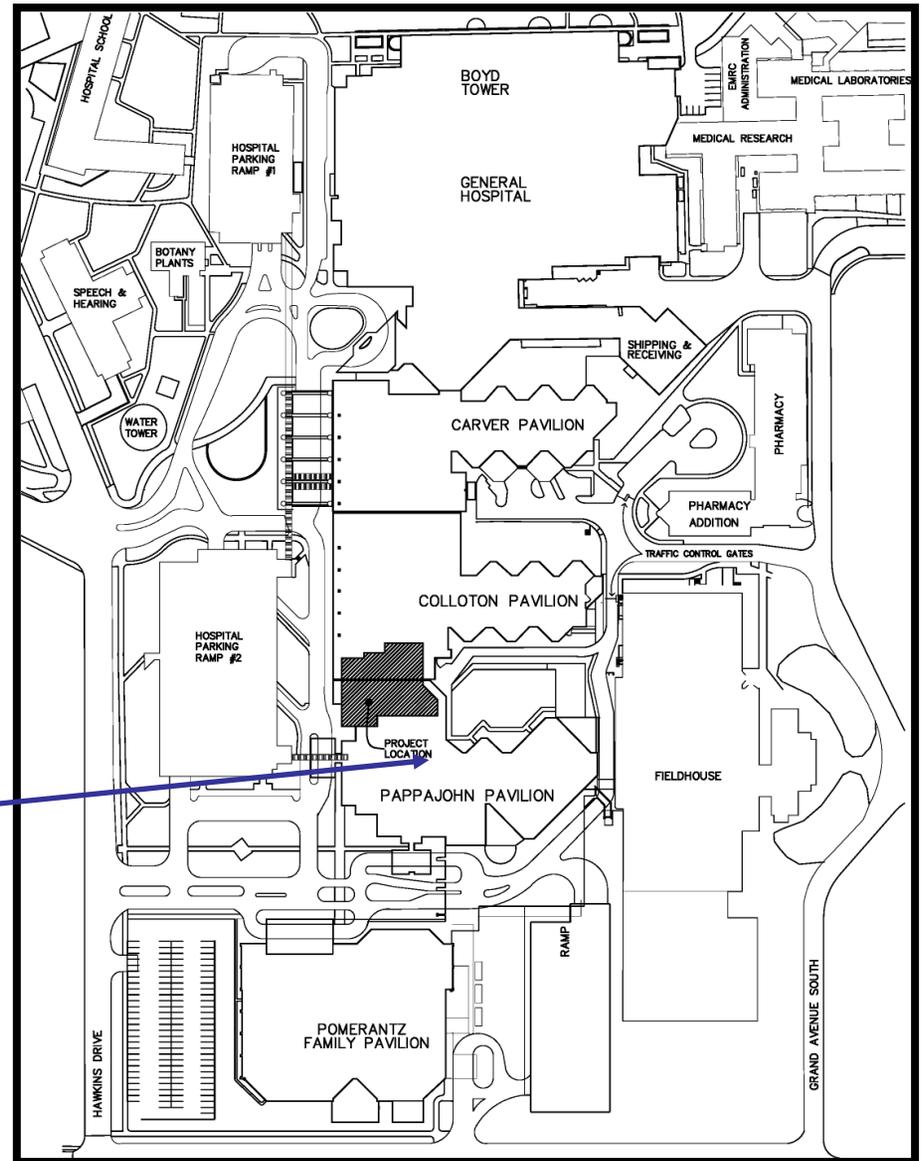


Neurosurgery Clinic Expansion and Renovation

Budget: \$3,400,000

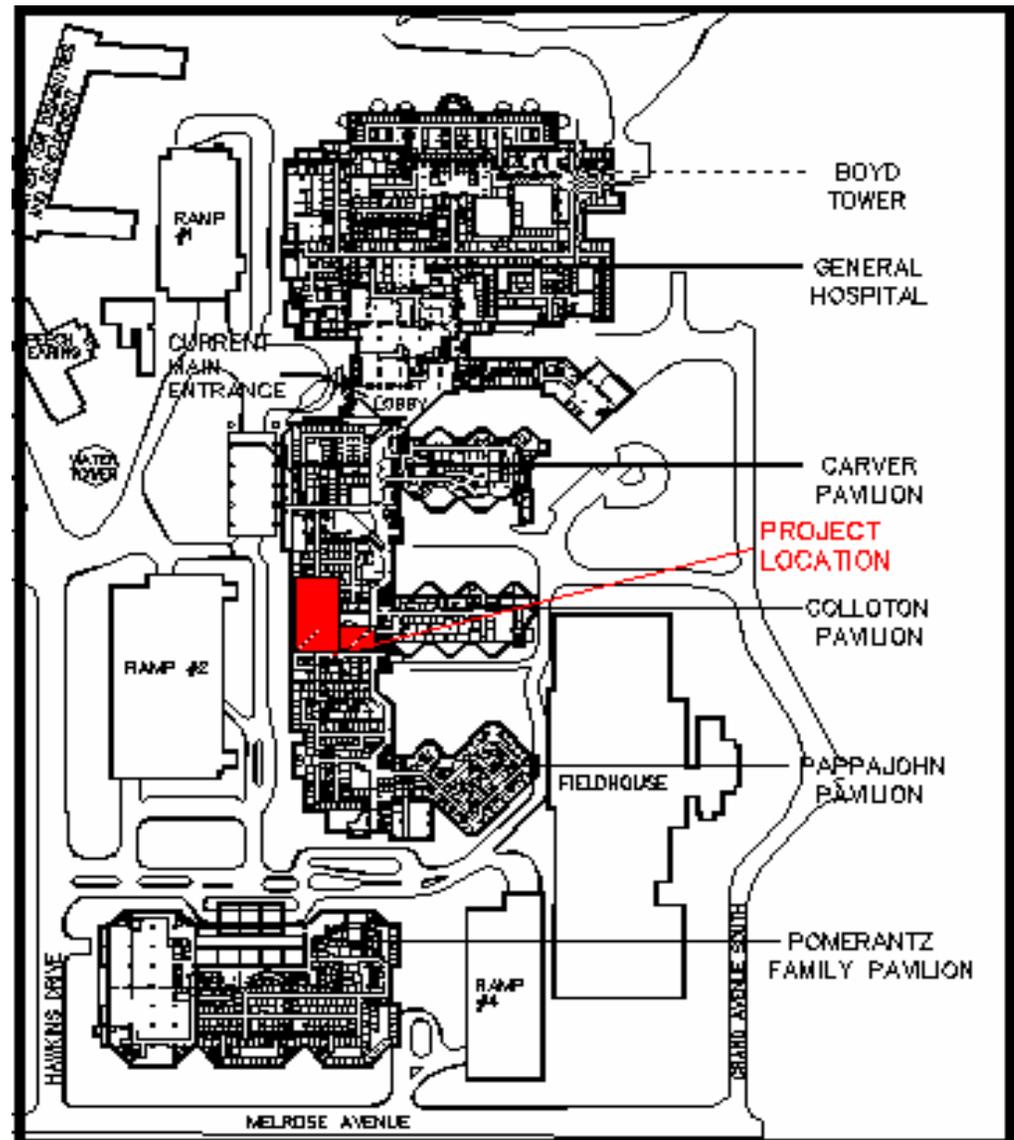
Area: 14,000 GSF

Project Location



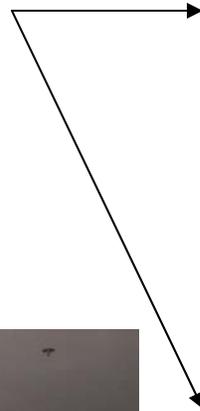
Department of Surgery Administrative Office Renovation

Budget: \$500,000
Area: 11,000 GSF



Surgery Administration

Ziffren Conference Room



Director's Remarks

Donna Katen-Bahensky

Senior Associate Vice President for Medical Affairs
and Chief Executive Officer - UIHC

Director's Remarks

- I. Children's Hospital of Iowa
 - I. Name Change
 - II. Dance Marathon Results
 - III. Aiming for a Cure
- II. CarePages Web Service
- III. ADDY Awards
- IV. 2007 Corridor Business Journal Healthcare Heroes
- V. Stroke Center Preliminary Report
- VI. Recruitment Updates
 - I. CFO
 - II. CNO

Children's Hospital of Iowa

- Name Change
 - Former: Children's Hospital of Iowa
 - New: University of Iowa Children's Hospital
- Dance Marathon
 - February 2 & 3, 2007
 - Exceeded goal and raised a record \$880,903.13
 - Record number of dancers (850), volunteers (300), and families participating (127)
- Aiming for a Cure
 - Wal-Mart Foundation gave \$16,000 to Aiming for a Cure, an organization that raises money to help pediatric oncology patients at the Children's Hospital of Iowa
 - Aiming for a Cure is a non-profit organization that supports children and their families when they seek care at University Hospitals
 - Since 1988, Wal-Mart and Sam's Club associates, customers and members have donated more than \$6.5 million to the Children's Hospital of Iowa.

CarePages

- Launched in October 2004 as a means of communication and support for patients and families
- CarePages are secure, personal, and easy-to-use Web pages that help family and friends stay connected, informed, and supported when a child is receiving care
- CarePages help families:
 - Create a virtual meeting place on the web
 - Share news and photos as often as needed
 - Receive emotional support during a time of need
 - Recognize hospital staff for outstanding care and support through the Care Compliment feature
- The past quarter has seen over 5,600 CarePage members make nearly 87,000 visits to the CHI CarePage service
- Link to CarePages web site: www.uihealthcare.com/children
- CarePages are now being expanded to all patients and families

ADDY Awards

- Cedar Rapids Federation of Advertising handed out several media awards in which UIHC received:
 - Gold ADDY – Pat Badtke, JOMC, Benson & Hepker Design
Well & Good Newsletter
 - Silver ADDY – Michael Sondergard, Rita Liddell, JOMC, Benson, Hepker Design
University of Iowa Hospitals and Clinics FY 2006 Annual Report
 - Silver ADDY – Cheryl Hodgson, Stacy McGauvran-Hruby, JOMC
New Mover direct mail program – direct marketing campaign
 - Silver ADDY – Cheryl Hodgson, Dan Fischer, JOMC, Storandt Pann Margolis
“Life” – Obesity Surgery Campaign – mixed media/consumer, local campaign

2007 Healthcare Heroes

- Sponsored by the Corridor Business Journal in conjunction with the Corridor HealthCare Summit held February 20, 2007
- Categories and Honorees:
 - **Advancements in Health Care:** Dr. Laurie Fajardo, UIHC, Professor and Chair, Department of Radiology
 - **Physician:** Dr. Ignacio Ponseti, UIHC, Professor Emeritus, Department of Orthopaedics
 - **Non-Physician:** Julie McIntosh, Nurse, St. Luke's
 - **Volunteer:** Helen Rossi, Volunteer, UIHC
- Honorees were recognized at a HealthCare Heroes luncheon and in the Health Care Focus issue published on February 19th.