

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE HEALTH AFFAIRS COMMITTEE

September 9, 2015
Nashville, Tennessee

The Health Affairs Committee of The University of Tennessee Board of Trustees met at 12:15 p.m. CDT on Wednesday, September 9, 2015, in the offices of Bradley Arant Boult Cummings, 1600 Division Street, in Nashville, Tennessee.

I. CALL TO ORDER

Charles C. Anderson, Chair, called the meeting to order and asked the Secretary to call the roll.

II. ROLL CALL

The following members of the Health Affairs Committee were present:

Charles C. Anderson, Jr., Chair
George E. Cates
Joseph A. DiPietro
Spruell Driver, Jr.
D. Crawford Gallimore
Vicky B. Gregg
Raja J. Jubran
David Millhorn
James L. Murphy, III

The Secretary announced the presence of a quorum. Other Trustees and members of the administrative staff were present.

III. MINUTES OF THE LAST MEETING

Chair Anderson asked for any corrections to the minutes of the February 25, 2015 meeting of the Committee. Trustee Cates moved approval of the minutes as

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presented in the meeting materials. Trustee Gregg seconded the motion, and it carried unanimously.

IV. CHANCELLOR'S REPORT

Chancellor Schwab presented a report on the state of the Health Science Center for the 2014-2015 year (Exhibit 1). The report highlighted the following noteworthy accomplishments: UTHSC's recognition as a "Top Work Place" in 2014; re-branding of Methodist Hospital as Methodist University Hospital reflecting the University and Methodist commitment to building world-class adult services; achieving independent accreditation by SACS; the multi-disciplinary simulation building reflecting the commitment to a multidisciplinary, team-based model of pre-clinical education; opening of the world-class translational science building as a critical step in the commitment to grow research; reversal of the recent decline in independent research awards; continued national recognition of the performance of Le Bonheur Children's Hospital, strengthened by working together with UTHSC; advances in commercialization of research (Regional Biocontainment Laboratory and Plough Center for Sterile Drug Delivery Systems); new education initiatives (statewide Pharmacy, Dentistry, and Nursing programs); graduation of the first class of students in the Physician Assistant program; implications of the statewide network of core teaching hospitals (Methodist, Regional One, St. Thomas, Erlanger, and UT Medical Center) for research, education, and quality of care; 2014 total economic impact of \$2.7 billion statewide--81.9% in Memphis, 11.4% in Knoxville, and 6.7% in Chattanooga; achievement of 94% of the annual goal of \$216 million in sponsored-program revenue; achieving 283% of the annual fundraising goal; exceeding the goals for graduation rate, total degrees awarded, and first-attempt board pass rates; new residency programs across the state; continued increase in clinical charges and mission support payments resulting from the integrated strategy of alignment of the clinical practices; national recognition of clinical programs (Le Bonheur, UT Medical Center, Methodist University).

Chancellor Schwab explained that the Health Science Center earns the vast majority of its income each year through sponsored-program grants and contracts, clinical revenue and academic payments, and philanthropy. He noted that state funds as a percent of revenue will continue to decrease as UTHSC continues to create new revenue streams, such as commercialization through the Plough Center and the Regional Biocontainment Laboratory.

Following the Chancellor's report, Trustee Driver noted that the separate

accreditation of UTHSC means that UTHSC research expenditures will no longer be counted toward the Top-25 goal. President DiPietro responded that a strategy similar to one used by Ohio State (involving use of a research foundation) is being considered to address the impact on the reporting of research expenditures. Dr. DiPietro also explained that the sponsored programs metric does not measure pure research and that UTHSC research expenditures as reported to NSF have declined over the past five years from about \$81 million to about \$65 million.

V. UPDATE ON RELATIONSHIPS WITH CORE TEACHING HOSPITALS

Chancellor Schwab outlined next steps for the Health Science Center's relationship with the core teaching hospitals in Memphis, Chattanooga, Knoxville, and Nashville: in Memphis, creation of a Cardiovascular Institute, reconstituting a Pathology Department, bringing the UT-West Cancer Institute to maturity, executing a Women's and Infants strategy, and developing a Regional One strategy; in Chattanooga, executing the UT Erlanger practice group, bringing a new dean to campus, and resolving local political issues; in Knoxville, integrating clinical, education, and research into a cohesive strategy, succession planning for the dean position, and building an Audiology and Speech Pathology building; and in Nashville, complete expansion of residency programs, lay groundwork for clinical and research integration, recruiting a dean, and building an education and research building.

VI. HEALTH AFFAIRS COMMITTEE MEETINGS FOR REMAINDER OF 2015 AND 2016

The Secretary reviewed the proposed dates for the Committee for the remainder of 2015 and all of 2016 (Exhibit 2). She noted that the December 7, 2015 date is also a scheduled meeting of the Audit and Compliance Committee, and because several Trustees and staff members will be attending the Audit and Compliance meeting, setting the required third meeting of Health Affairs on December 7 would be expedient. She explained that the proposed 2016 dates coincide with dates for Executive and Compensation Committee meetings, except that because of conflicts, the February 2016 date is pending a poll of the members.

Upon Chair Anderson's call for a motion, it was moved and seconded that the proposed dates for Health Affairs Committee meetings for the remainder of 2015 and all of 2016 be approved, with the exception of the February 2016 date, which will be set for the same date as the Executive and Compensation Committee.

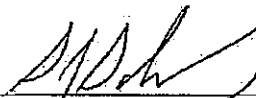
VII. OTHER BUSINESS

There was no further business to come before the Committee.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,



Steve J. Schwab, MD
Chancellor, UT Health Science Center