

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE HEALTH AFFAIRS COMMITTEE

November 8, 2012
Knoxville, Tennessee

The Health Affairs Committee of the Board of Trustees of The University of Tennessee met at 10:00 a.m. on Thursday, November 8, 2012, in Hollingsworth Auditorium, 2421 Joe Johnson Drive, Knoxville, Tennessee.

I. CALL TO ORDER

Chair Charles Anderson called the meeting to order.

II. ROLL CALL

Chancellor Steve Schwab called the roll, and the following members of the Health Affairs Committee were present:

Charles C. Anderson, Jr.
Joseph A. DiPietro
D. Crawford Gallimore
Monice Moore Hagler
David E. Millhorn
James L. Murphy, III
Don C. Stansberry, Jr.

Chancellor Schwab announced the presence of a quorum of the Committee. Other Trustees and members of the administrative staff were also present.

III. APPROVAL OF MINUTES OF PRIOR MEETING

Chair Anderson asked for any corrections to the minutes of the October, 2 2012 meeting of the Committee. Trustee Stansberry moved approval of the minutes as presented in the meeting materials. Trustee Murphy seconded the motion, and it carried unanimously.

IV. UPDATE ON UT-MED DISCUSSIONS

A. UT-MED Practice Plan

Chancellor Schwab introduced Dr. Reginald Coopwood, CEO of the Regional Medical Center of Memphis (The MED), one of UTHSC's core teaching hospitals. Dr. David Stern and Dr. Reginald Coopwood then made a presentation on the proposed UT-MED practice plan (Exhibit 1).

Dr. Coopwood began with remarks discussing the current status of the MED. The MED is a 501(c)(3) business entity with board members appointed by the Mayor of Shelby County. The MED is a licensed 631-bed hospital, half of which are currently occupied. The MED is the acute care hospital within a 150 mile radius allowing it to serve Memphis/Shelby County and the Mid-South region. The hospital is also home to three nationally known Centers of Excellence.

Dr. Stern described the various opportunities for students, residents and fellows at the MED. He said that the MED is managed by an outstanding team and has repositioned its financial status. Dr. Coopwood discussed the MED's opportunity with UTHSC to produce a value-based clinical relationship, establish a primary care network with family physicians to build and expand the Centers of Excellence, and other programs.

Dr. Stern explained that the key elements of the proposed UT-MED practice plan include the collaborative venture of UT, UTMG, and the MED, joint governance, and the opportunity for additional faculty to have clinical effort associated with the practice plan. The primary financial responsibility would lie with the MED.

Dr. Coopwood then discussed the advantages of the UT-MED practice plan, consisting of patient care, teaching, academic growth, two seats for UT on the MED's board, an executive senior physician position, as well as a stronger alignment between UT/UTMG physicians and the MED. An academic payment will build the academic brand around the Centers of Excellence at the MED and reach national prominence.

A Trustee asked about the position of local government in Memphis with respect to a joint relationship with UT and UT membership on the MED Board of Directors. In response, Dr. Coopwood stated that the MED leadership is fully on board with the practice plan and is excited about the future possibilities. The Mayor is regularly updated, but the day-to-day operations are at the discretion of the MED leadership.

B. MED Mothers and Infants Tower Proposal

Dr. Ken Brown began his remarks by discussing the site on which the Mothers and Infants Tower would be located. UT currently owns the property at the corner of Dunlap Street and Adams Avenue where the Adams Pavilion currently stands. The MED would lease the facility from the University and provide clinical staff to operate the facility, while UTHSC would provide the medical staff. The facility would be the premier choice for obstetrics in Memphis/Shelby County and the Mid-South.

Dr. Coopwood addressed the importance of obstetrics to the MED and its major financial contribution to the bottom line. The majority of all patients and mothers are insured and derive from various socioeconomic backgrounds. Some of the advantages of the tower include developing a world class center for fetal medicine, overcoming healthcare barriers for women, establishing a competitive OB-GYN residency and fellow program, and advancing clinical and research interdisciplinary projects.

Dr. Brown noted that the Mothers and Infants Tower would also have an important impact on the rising crisis of infant mortality in west Tennessee. He closed by stating that at future meetings, UT and the MED will jointly present supportive data on the program statements and facility costs on the collaborative effort.

A Trustee asked about the impact of the Affordable Health Care Act on the MED's budget and whether the proposed practice plan would represent competition with Methodist. Dr. Coopwood replied that if Tennessee approved the Medicaid expansion, the MED would possibly see a 30% increase of uninsured to insured patients, thus receiving increase in its federal and state subsidies. Although Methodist is a competitor in the healthcare industry, Dr. Coopwood said there would be a collaborative relationship between both hospitals and their relationship with UTHSC.

Dr. Schwab added that there is no competition with the Methodist system and the proposed Mothers and Infants Tower because the Methodist system currently delivers babies only in the suburbs. The Tower will connect Methodist Le Bonheur Hospital and the MED, promoting collaborative efforts.

Trustee Stansberry expressed concern about the possibility of confusion created by the University's association with both Methodist and the MED. Dr. Schwab

responded that major universities such as Emory University and University of Miami are affiliated with multiple hospitals. Dr. Stern also added the value of providing top quality physicians to these hospitals and positive outcomes for the future.

Chair Anderson asked about the steps the MED has taken to improve its financial status. Dr. Coopwood responded that the hospital eliminated a lot of excess spending and improved revenue on a structured cost foundation.

Another Trustee asked about the University's liability with respect to operational losses for the Mothers and Infants Tower. Dr. Brown responded that the structure of the practice plan should not create a financial-liability risk for the University.

Lastly, Dr. Millhorn commented on the efforts of the UTHSC leadership team, the MED and Methodist with respect to improving the healthcare of Tennesseans in the West and the many innovative aspects of the practice plans.

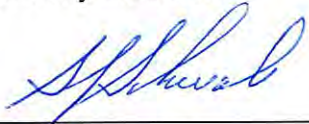
V. OTHER BUSINESS

There was no other business to come before the Committee for action.

VI. ADJOURNMENT

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

Respectfully Submitted,



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



Charles M. Peccolo
Treasurer and Chief Financial Officer