

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE HEALTH AFFAIRS COMMITTEE

December 16, 2014
Knoxville, Tennessee

The Health Affairs Committee of The University of Tennessee Board of Trustees met at 10:00 a.m. EST on Tuesday, December 16, 2014, in the Eighth Floor Conference Room of Andy Holt Tower on the UT Knoxville campus.

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 Secretary noted the requirements for meetings conducted with members participating by telephone. Trustees Gallimore and Cates, who participated by telephone, stated that no one else was present at their location. The Secretary called the roll, and the following members of the Health Affairs Committee were present:

Charles C. Anderson, Jr., Chair
George E. Cates (by telephone)
Joseph A. DiPietro (non-voting)
D. Crawford Gallimore (by telephone)
Vicky B. Gregg
David Millhorn (non-voting)
James L. Murphy, III

Trustee Ferguson was unable to attend. Members of the administrative staff were also present. The Secretary stated that a quorum is a majority of the voting members of the Committee and that a quorum was not present at the meeting location and that to proceed with the meeting, the Committee would need to adopt

a Determination of Necessity to allow members to participate by electronic means to obtain a quorum.

III. DETERMINATION OF NECESSITY TO ALLOW PARTICIPATION BY ELECTRONIC MEANS WITHOUT A PHYSICAL QUORUM

Secretary Mizell presented the Determination of Necessity to allow participation by electronic means without a physical quorum to the Committee (Exhibit 1). The Committee determined that the following facts and circumstances make it necessary for the Committee to meet without a physical quorum at the location of the meeting and to allow participation by a quorum of the members by electronic means of communication:

1. The Bylaws require that the Health Affairs Committee meet at least three times each year, and to date the Committee has met only twice in 2014.
2. Attempts to schedule a third meeting produced only this one date on which a quorum of members could be physically present at the meeting location.
3. On the morning of the meeting, one member who had planned to be present at the meeting location notified Committee staff that he could not be present.
4. The matters to be presented to the Committee require the Committee's timely attention, and it is not practical to schedule a meeting of the Committee with a physical quorum before December 31, 2014 to satisfy the requirement of three meetings annually.

A motion to approve the Determination of Necessity as presented was made by Mr. Murphy and seconded by Mr. Anderson, a roll call vote was taken and the motion carried.

The Secretary noted that there was a quorum with two Committee members participating by telephone, and all votes will be taken by roll call vote.

IV. MINUTES OF LAST MEETING

Chair Anderson asked for any corrections to the minutes of the May 13, 2014 meeting of the Committee. A motion to approve the minutes as presented in the meeting materials was made by Trustee Murphy and seconded by Trustee Gregg,

a roll call vote was taken and the motion carried.

V. UPDATE ON EXISTING PRACTICE GROUPS

Chair Anderson called on Dr. Schwab to provide an update of the existing practice groups. Dr. Schwab referred the Committee to the power point included in the meeting materials (Exhibit 2) and asked Mr. Tony Ferrara, UTHSC Vice Chancellor for Finance and Operations, to report to the Committee. Mr. Ferrara reviewed the presentation and provided an update for the Committee on each of the practice plans:

- UT Le Bonheur Pediatric Specialists (ULPS)
- UT Methodists Physicians (UTMP)
- UT West Clinic
- UT Regional One Physicians (UTROP)
- UT Medical Group (UTMG)

In response to a question from Trustee Gregg regarding how Methodist views the financial performance of ULPS, Chancellor Schwab said that there are hospital ancillary services not accounted for through the practice plan that are contributing to downstream revenues benefitting Le Bonheur. Trustee Gregg commented on potential impacts to these plans as healthcare moves away from a fee-for-service payment model to a contract model in which hospitals are at risk. She added that as long as we are in the fee-for-service model, the question is whether the University is getting all it should in these affiliations. Dr. Schwab added that when he discussed the Orange Hospital Network later in the meeting he will touch on the discussions happening regarding the movement from away from fee-for-service payment models. Mr. Ferrara called the Committee's attention to a summary of the base mission support payments for the past four years (2011-2014) that supports the academic mission of the UTHSC. He noted that approximately \$21 million of the \$38 million is returned to ULPS leaving \$17 of restricted University funds for research and education. Trustee Gregg again commented that if ULPS is doing so well, there may be an opportunity for the University to get a better deal.

VI. UT ERLANGER PRACTICE GROUP PROGRESS REPORT

Dr. Schwab stated that he hopes to bring the UT Erlanger practice plan to the Committee at the next meeting. Dr. Brown stated that the affiliation agreement is completed and meetings on the practice plan will commence after the holiday break.

VII. ST. THOMAS AFFILIATION PROGRESS REPORT

Dr. Schwab updated the Committee on the St. Thomas affiliation. He stated that currently the relationship operates as a branch of the Memphis campus. He reported that a residency program in Emergency Medicine will start next year at St. Thomas Rutherford along with a residency program in Surgery at St. Thomas West and two other residency programs in 2016. He also mentioned plans to for Nursing and Pharmacy programs and said all of six of the UTHSC colleges will have a major teaching roll as the St. Thomas relationship grows. He said the next stage is to move the Nashville site to a full campus status. This would require a master affiliation agreement to be developed and a site inspection by the Liaison Committee on Medical Education. He added that Dr. Brown is working on a St. Thomas practice plan agreement, and there are plans to build and education building on the St. Thomas West campus. Dr. Schwab stated that within two years the Nashville site could advance to a full campus status, with all UTHSC colleges having a major roll there.

VIII. WEST TN FORENSIC REPORT

Chancellor Schwab mentioned the recent favorable press coverage about the West Tennessee Forensic Center and opportunities to expand the Center. He then asked Executive Vice Chancellor Brown, who is serving as Executive Director of the Center, to provide the report. Dr. Brown explained that Shelby County issued an RFP for operation and management of the Center, and UTHSC was the successful bidder. Additional staff has been hired including additional forensic pathologists, eight death investigators and eight autopsy technicians. He reported that we have been successful in getting three other counties to commit to sending there autopsy business to the Center. He stated that the data from the Center is very important to the community. Dr. Schwab added that the Center is very valuable to UTHSC due to the addition of forensic pathology staff and increased revenues. He added that medical students and pathology residents are able to rotate through the Center and fellowships will be added. Dr. Schwab stated that with the addition of more counties, this Center could raise the standard of care across the state.

IX. HOSPITAL PARTNER CO-BRANDING

Dr. Schwab referred the Committee to the presentation included in the meeting materials (Exhibit 3). He reported on partner hospital co-branding. He stated that with the Methodist system, branding was defined in the affiliation agreement and will go forward in the beginning of the year. In the Erlanger agreement we agreed to co-brand and that would be brought back before the UT Board with the practice

plan for approval. The St. Thomas system is interested in co-branding and there are some preliminary agreements. He stated that we have agreed to some bill boards to set the stage and they are going up around Nashville. He stated that Pharmacy and Nursing billboards are already up. He discussed the cost of co-branding for Methodist for existing signage, etc. and stated that UT had agreed to pay half of the cost. The LeBonheur brand is very well known in West Tennessee and the logos will be branded side by side with the \$3 million signage on top of the hospital remaining intact.

X. ORANGE HOSPITAL NETWORK FORMATION

Prior to discussion of the next item on the agenda, Chair Anderson asked Dr. Schwab if he had any announcements. Dr. Schwab was proud to announce that UTHSC was named as one of Memphis' top work places by the Commercial Appeal. He added that UTHSC also received a Governor's award for healthy workplace based on efforts to encourage health and wellness. He thanked Dr. Brown and his team for spearheading those efforts. Chair Anderson asked Dr. Schwab whether he felt UTHSC was ready, in terms of education and preparation, for a possible Ebola exposure similar to what the Texas hospital experienced recently. Dr. Brown reported that UTHSC brought in a group of trainers from Liberia to train faculty. He said best efforts are in place for protection and containment to manage an outbreak.

Dr. Schwab proceeded to discuss the Orange Hospital Network Formation. He reported that the Orange Network is an affiliation of the University's core teaching hospitals. The hospitals have received cautionary advisement from counsel as to what the affiliation can and cannot do and is proceeding under that advisement. He described the current pilot project under consideration, reporting that the Orange Hospital Network is working with Blue Cross Blue Shield of Tennessee in its Blue Network E looking at population health and at risk contracting. The Blue Network E is a finite group of about 120,000 patients spread throughout Tennessee, 95% of whom already receive services through the teaching hospitals. In the project, each hospital would craft its own at-risk scheme with this single group of patients and learn at-risk management. He stated that the Orange Hospital Network is prepared to move forward on this shortly after the New Year. The hospitals are all prepared to get experience in managing an at-risk population, and this learning experience will be very beneficial to all of the hospitals and to the students. He stated that it is also beneficial to UTHSC from a population health research standpoint.

XI. HEALTH AFFAIRS COMMITTEE DATES IN 2015

Chair Anderson stated that the next item of business was to approve 2015 meeting dates for the Committee (Exhibit 4). A motion to approve the meeting dates as presented in the meeting materials was made by Trustee Murphy and seconded by Trustee Gregg, a roll call vote was taken and the motion carried.

XII. OTHER BUSINESS

There was no further business to come before the Committee.

XIII. 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



Charles M. Peccolo
Treasurer and Chief Financial Officer