

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE HEALTH AFFAIRS COMMITTEE

February 22, 2018
Knoxville, Tennessee

The Health Affairs Committee of The University of Tennessee Board of Trustees met at 10:00 a.m. EST on Thursday, February 22, 2018, in Andy Holt Tower on the campus of The University of Tennessee, Knoxville.

I. CALL TO ORDER

Committee Chair Charles C. Anderson, Jr., called the meeting to order.

II. ROLL CALL

The Secretary announced the Open Meetings Act requirements for meetings in which members participate electronically, and after announcing those present at the meeting location in Knoxville, she asked those participating by telephone or videoconference to state whether anyone else was present at their location as the roll was called.

The following members of the Health Affairs Committee were present in person or by telephone or videoconference:

Charles C. Anderson, Jr., Chair
Joseph A. DiPietro (non-voting)
Spruell Driver, Jr.
D. Crawford Gallimore
Vicky Gregg
Raja J. Jubran

Trustees Cates was unable to attend. The Secretary announced a quorum of the voting members. Trustee Wharton was present, and Trustee Cooper joined the meeting electronically. Executive Vice Chancellor Ken Brown and other members of the administrative staff also participated.

III. MINUTES OF THE LAST MEETING

Chair Anderson called for any corrections to the minutes of the May 3, 2017 meeting of the Committee. Hearing none, Vice Chair Jubran made the following prepared motion:

I move that the reading of the minutes of the May 3, 2017 meeting of the Health Affairs Committee be omitted and the minutes approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

The motion was seconded and passed by roll-call vote (Exhibit 1).

IV. DESIGNATION OF UT-MEMPHIS PATHOLOGY GROUP AS A COLLEGE OF MEDICINE FACULTY PRACTICE PLAN AND AUTHORIZATION FOR EXECUTION OF AN AFFILIATION AGREEMENT WITH MEMPHIS PATHOLOGY GROUP, P.C.

Chancellor Schwab presented his recommendation that the Memphis Pathology Group, P.C. (MPG), with the assumed corporate name of UT-Memphis Pathology Group (UT-MPG), be designated as a faculty practice plan, stating that the group would be composed exclusively of pathologists who will be the exclusive providers of pathology services for Methodist Le Bonheur Healthcare (Methodist).

He said UTHSC faculty pathologists are currently provided to Memphis Pathology Group, P.C., under a professional services agreement with University Clinical Health (formerly UT Medical Group), but because the majority of MPG pathologists are now UTHSC faculty members, the process is cumbersome and expensive. He explained that under state law, pathologists cannot be employed directly by Methodist or by a practice group co-governed by Methodist, and thus pathologists cannot be employed by the Board-designated UT Methodist Physicians practice plan because it is a subsidiary of Methodist.

Chancellor Schwab said UT-MPG would be governed by a board of directors composed of the following:

- UTHSC Chair of Pathology, who will serve as chair of the board;
- Dean of the UTHSC College of Medicine;
- representatives of Methodist;

- members of the pathology group (mostly faculty); and
- faculty representatives from the other involved UT faculty practice groups (UT Methodist Physicians, University Clinical Health, West Cancer, UT-Le Bonheur Pediatric Specialists)

Chancellor Schwab said that under the proposed affiliation agreement (Exhibit 2), Methodist would make an annual academic support payment to UTHSC of at least \$50,000 to be used to advance the academic capacity of UT-MPG for cancer research and education. Methodist may elect to defer the payment for the first two years of the agreement. Chancellor Schwab said all financial risks for operation of the faculty practice plan would be borne by UT-MPG and/or Methodist.

Chancellor Schwab described the advantages to UTHSC of this proposal as follows:

- Provides a method for directly employing all pathology faculty serving Methodist.
- Provides a mechanism for growth of a highly specialized pathology faculty for research and teaching.
- Provides expanded services for clinical and research growth areas in Cancer and Transplant.
- Dramatically improves pathology residency.
- UTHSC will continue to maintain pathology faculty in UCH to serve the VA, Region One, and a group of commercial clients.
- UTHSC pathologists will be the providers for more than 8 hospitals in the West Tennessee region, creating a critical mass of pathology specialists for research and education.

Vice Chair Jubran moved that the Health Affairs Committee recommend adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Board of Trustees authorizes the administration, after all required legal and fiscal approvals, to execute the Affiliation Agreement between The University of Tennessee and Memphis Pathology Group, P.C. as presented in the meeting materials, under which the entity to be known as UT-Memphis Pathology Group will serve as a College of Medicine faculty practice plan for pathology services.

Trustee Gallimore seconded, and the motion carried by roll-call vote (Exhibit 3).

V. WEST CANCER CENTER: PROPOSED INTEGRATION AND ALIGNMENT OF ONCOLOGY SERVICES

For the Committee's information, Chancellor Schwab described plans (Exhibit 4) for the proposed integration and alignment of oncology services by transitioning the current UT West Cancer Center, which was designated by the Board as a faculty practice plan for oncology in October 2011, to a new professional corporation (P.C.) that will directly employ physicians instead of having to enter into professional services agreements with several different practice groups. He explained that this will allow UTHSC to hire full-time faculty into the new P.C. and allow conversion of current part-time faculty into full-time faculty. The major goal is to provide greater integration of all cancer-related services provided by UTHSC faculty, which will in turn provide the path to the ultimate goal of achieving designation as an Academic Cancer Center by the National Cancer Institute.

Chancellor Schwab said he intends to bring the proposal forward to the Committee for approval at the meeting scheduled for March 22, 2018.

VI. PROPOSED AFFILIATION OF JACKSON FAMILY MEDICINE PRACTICE WITH JACKSON GENERAL HOSPITAL

For the Committee's information, Chancellor Schwab reported that he will bring to the next meeting a proposal to transfer the operation of the UTHSC Family Medicine clinical practice in Jackson to the Jackson-Madison County General Hospital, including sale of the clinic owned by the University. UTHSC would continue to administer the residency program and the research and education activities and pay the academic portion of the faculty compensation.

Chancellor Schwab explained that UTHSC has maintained a family practice training program and clinical teaching practice in Jackson for many years. Because the clinic is too distant to be included in current UTHSC practice plans, it has operated as a part of UTHSC, and the faculty and clinical practice are heavily subsidized by UTHSC. Transferring the clinical practice to Jackson General would relieve the University of responsibility for its operating losses.

Trustee Gallimore, Chair of the Audit and Compliance Committee, said the Office of Audit and Compliance has plans to do a compliance audit of the clinic and asked whether those plans should move forward. Executive Vice Chancellor Ken Brown responded that the audit, including a review of billing, should proceed even if it cannot be completed before the transition has been finalized.

Chair Anderson asked about the estimated value of the real estate and how the proceeds from the sale would be used. Chancellor Schwab responded that the estimated value of the real estate is \$2-2.5 million and said that because the clinic was an institutionally-funded facility, he assumes the proceeds would be used by UTHSC for mission purposes. Chair Anderson asked the amount of the current loss in order to know what the gain will be. After discussion, Chancellor Schwab said there would likely be a recurring net gain of potentially \$1.5-1.6 million. Executive Vice Chancellor Brown urged that the original \$3 million line item appropriation for the Jackson Family Medicine practice (that now has been rolled into the UTHSC budget) should continue to be used to support Family Medicine primary care. Chancellor Schwab acknowledged Dr. Brown's request and his commitment to primary care.

VII. UPDATE ON ST. THOMAS

Chancellor Schwab provided the following updates on the Health Science Center's affiliation with St. Thomas:

- Medical residency training programs and fellowships continue to be added.
- A general Dentistry residency is being offered, and dental students are being trained.
- Work continues on a master agreement to bring St. Thomas in Nashville to the status of a separate regional site of the Health Science Center, like Chattanooga and Knoxville.
- The UTHSC administration continues to try to work through issues related to a UT building in association with the St. Thomas affiliation.

VIII. UPDATE ON ERLANGER FACULTY PRACTICE PLAN

Chancellor Schwab updated the Committee on key issues related to the UT-Erlanger faculty practice plan, including the out-rotation of residents to other regional hospitals and issues related to benefits for faculty. He reported that recent progress has been made in negotiations with Erlanger concerning the practice plan.

IX. OTHER BUSINESS

There was no other business to come before the Committee.

X. ADJOURNMENT

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

Respectfully Submitted,



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