



UNIVERSITY HOSPITAL
Newark, New Jersey

Meeting of the
University Hospital Board of Directors

PUBLIC SESSION
March 18, 2014

NJMS/UH Cancer Center
205 S. Orange Avenue, Board Room
Newark, New Jersey

Present – University Hospital (“UH”) Board of Directors: Hon. Donald T. DiFrancesco, *Chair*; James M. Orsini, M.D., *Vice- Chair*; William D. Cassidy, III, Ph.D, *Secretary*; Robert L. Barchi, M.D., PhD (*via telephone*); Cecile A. Feldman, D.M.D., MBA(*via telephone*); Robert L. Johnson, M.D., FAAP; and Brian L. Strom, MD, MPH(*via telephone*)

Excused– University Hospital (“UH”) Board of Directors: Domenic M. DiPiero, III

Present – UH Leadership: James R. Gonzalez, MPH, FACHE, *President & Chief Executive Officer*; Suzanne Atkin, M.D., *Chief Medical Officer*; Vincent Barba, M.D., *Chief Quality Officer*; Thomas Daly, *Chief Financial Officer*; Nancy Hamstra, *Chief Operating Officer & Secretary*; Susan Palma, *Interim Chief Nursing Officer*; John Ras, *Interim Chief Compliance & Privacy Officer*; and Paul Wermuth, Esq., *General Counsel*

Present – UH Board Office Staff: Simone Bellamy, *Special Assistant* and Tammy Robinson, *Special Assistant*

Present – Guests: Michael Gonnella, Esq., Deputy Attorney General, State of New Jersey; Amy Herbold, Esq., Assistant Counsel, Governor’s Authorities Unit; and Glenn Tucker, Esq., Greenberg Dauber Epstein & Tucker

Minutes

Chairman DiFrancesco read from the Open Public Meetings Act:

The notice requirements of the Senator Byron M. Baer Open Public Meetings Act and the New Jersey Medical and Health Sciences Restructuring Act have been satisfied. Notice of this special meeting was timely sent to various newspapers in the State of New Jersey and was also timely posted on the website of University Hospital.



A roll call was conducted by Ms. Bellamy:

Hon. Donald T. DiFrancesco - *Present*
William D. Cassidy, III, Ph.D. - *Present*
Cecile A. Feldman, D.M.D., MBA - *Present*
Robert L. Barchi, M.D., PhD- *Present*
Robert L. Johnson, M.D., FAAP- *Present*
Brian L. Strom, MD, MPH- *Present*
James M. Orsini, M.D. - *Present*

With a quorum of members being present, Chairman DiFrancesco called the meeting to order at 8:35 a.m.

Approval of Meeting Minutes

The Board unanimously approved the minutes of the January 28, 2014, UH Board of Directors Public Session meeting.

Upon recommendation, the Board approved the following:

- Approval of the Medical Executive Committee meeting minutes of November 26, 2013 and January 28, 2014
- Approval of the Credentials Committee meeting minutes of December 8, 2013
- Approval of the Credentials Committee Reappointment Roster dated April 2014
- Credentials and Medical Executive Committee Action items memo of February 28, 2014

Chairman's Report

The Chairman stated that he did not have a formal report to present to the Board this month.

President and CEO's Report

Mr. Gonzalez reported:

- Progress on Joint Commission survey readiness was detailed. Activities include the facilitation of a mock survey, the creation of a Q&A medication standards publication by the UH Pharmacy, and the implementation of a maintenance SWAT team to conduct repairs and cleaning throughout the Hospital.



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- An update was provided on Barnabas Health Consulting. Currently, the group is working on tasks in two major areas at UH: the facilitation of an assessment of the cost per unit of service analysis and a quality and safety analysis.
- An article published by NJBIZ announced University Hospital's plans to upgrade its patient rooms. To enhance the quality and comfort of its patients and their families, UH purchased new patient and guest chairs, overbed tables, bedside cabinets, and technologically advanced patient beds for close to three hundred rooms.
- The Higher Education Bond funds have been allocated for a number of capital projects such as: air handling replacements, roof repairs, emergency power, and sprinkler system upgrades.
- UH leadership is in contract discussions with commercial insurance programs: Aetna, AmeriHealth, Horizon Blue Cross & Blue Shield, and United Healthcare.
- UH has participated in a number of community initiatives: a presentation was conducted with Mayor Luis Quintana on the newly proposed EMS contract, Congressman Donald Payne Jr. toured the UH Financial Counseling Office, and the City of Newark FQHC satellite site based at the ACC become operational in March 2014.
- The Hospital is developing a designated Observation Care Unit and a new patient class called *Observation Services*. UH is working with Barnabas Consulting and Deloitte on the financial/clinical model of the program, as well as its overall implementation.

Audit Committee Report

Upon recommendation by the Audit Committee, the Board accepted the Minutes of the February 14, 2014, Audit Committee meeting.

Chairman DiFrancesco stated that the recommendation for an independent auditor has been shared with the Board along with a resolution for approval. The proposal is to appoint KPMG as the financial statement auditors for University Hospital.

The Chairman informed members that KPMG will present their service plan for the FY2014 year-end audit to the Audit Committee at its April 2014 meeting. The Board will continue to be updated.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED that the University Hospital Board of Directors, upon recommendation of the Audit Committee, approves the retention of KPMG for the annual audit for FY 2014,



2015, and 2016 at a cost not to exceed \$462,100 with the option to renew for additional years.

Governance and Ethics Committee Report

Upon recommendation by the Governance and Ethics Committee, the Board accepted the Committee's meeting minutes of March 13, 2014.

Chairman DiFrancesco introduced the Resolution for the Environmental Management System Agreement.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED, that the Board hereby adopts an Environmental Management System policy to which New Jersey Department of Environmental Protection, is a party, effective immediately.

We, the Board of Directors, Administration, and Staff of University Hospital, Newark, New Jersey recognize and accept our responsibility to be stewards in protection of the environment and in the surrounding community in partnership with our neighbors while we fulfill our healthcare mission.

We intend to be accountable for our commitment to environmental responsibility and to our pledge "to do no harm" by striving to achieve the following goals and objectives:

1. Establish an Environmental Management System (EMS) that focuses on assessment, pollution prevention and control of environmental impacts of hospital operations, activities and services.
2. Actively support the environmental programs and principles of Hospitals for a Healthy Environment (H2E) and Healthcare Without Harm to achieve specific pollution prevention and waste reduction goals.
3. Implement systems and standard operating procedures to maintain compliance with all applicable EPA, state of New Jersey and local jurisdiction environmental requirements as well as The Joint Commission Environment of Care environmental standards.
4. Provide adequate resources and personnel with the necessary training, skills and knowledge to carry out their duties and responsibilities as specified in the EMS.



5. Conduct periodic senior management evaluations of the performance of all elements of the EMS and make appropriate changes to continually improve the effectiveness of the system in light of new and changing hospital programs and operations.
6. Make all reasonable efforts to communicate our environmental performance and progress to all interested internal and external University Hospital, Newark, New Jersey stakeholders.

Reports to the Board of Directors

Hospital Quality Report

Dr. Barba provided an overview of the Strategic Performance Metrics Dashboard and Clinical Quality Metrics for December 2013. Dr. Barba noted VTE Appropriate Care as an area of focus, which is the diagnosis, treatment, and management of blood clot prevention. Dr. Barba stated that an interdisciplinary team at UH continues to meet challenges surrounding the proper education and documentation of discharge instructions provided to patients at risk for blood clots.

Dr. Barba stated that the overall rates of the mortality and length of stay indexes were not on target for the month of December 2013, but were not significantly different from the rates previously provided by UHC. He added that re-admission rates were stable. Dr. Strom made an inquiry regarding the patient satisfaction scores. Dr. Barba responded that UH leadership benchmarks its patient satisfaction scores against that of other hospitals. These comparisons are shared with UH staff as well as Hospital committees dedicated to the ongoing improvement of the scores.

Finance Report

Mr. Daly reported:

- The University Hospital Financial Statements for the seven months ending January 31, 2014 was reviewed in detail during the March 2014, Governance and Ethics Committee meeting. There is an excess of revenue over expenses due to a one-time adjustment of \$49,439,000 provided by the State for an outstanding Medicaid liability. Management's focus is to reduce the losses by better matching the expenses to the decreased volume.
- An overview of the UH's balance sheet and dashboard was presented to the Board. UH has \$42,667,000 million in operating cash with additional assets held by the trustee of \$51,204,000 (\$23.0 million reserved for Capital acquisitions, \$15.0 million in a Bond Debt Reserve Fund, \$1.5 million in reserve for Interest Payments and \$12.2 million available for working capital). Management's goal of ensuring that thirty plus days of operating funds are available has been met.



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- There has been a favorable increase in clinic volume in the area of outpatient visits which is the source for inpatient admissions. However, inpatient volume patient discharges which drive a large part of the hospital's revenue are 855 or 8.6% below budget.
- UH leadership continues to work closely with staff on the ACA registrations with the expectation that the hospital will enroll more patients in the Medicaid and commercial insurance programs.
- UH leadership has facilitated a number of meetings with representatives of the Governor's Office, the New Jersey Department of Health, and the Healthcare Financing Authority; to present UH's year-to-date financial performance for 2014, and projections for FY's 2015, 2016, and 2017.

Compliance Report

Mr. Ras reported:

- University Hospital is currently in its fifth year of the CIA reporting agreement. The Office of Ethics and Compliance continues to monitor mandatory training. New employees receive information regarding the training requirement during their initial orientation and are requested to comply within thirty days of their date of hire.
- Three consultants have been retained: Ernst & Young has been engaged as the independent review organization to evaluate the focused arrangements database and conduct a sampling of fifty inpatient claims. Fox Rothchilds, LLP, will assess the effectiveness of the overall compliance program. Deloitte, will conduct an analysis on the medical necessity of inpatient short stay admissions and UH's compliance with the Centers for Medicare and Medicaid Services' "2 Midnight Benchmark" rule. Results of these reviews will be reported to the Audit Committee.
- The outside activity questionnaire and attendance at events forms have been posted on the Office of Ethics and Compliance website. The Office is working to automate the submission process of both forms which are currently only available in hard copy.

Legal Report

Mr. Wermuth stated that the Department of Legal Management did not have a formal report to present to the Board this month.



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Public Comment

Dr. Kendall Sprott, Senior Associate Dean for Clinical Affairs, NJMS, requested that faculty members be included in contract discussions with managed care organizations engaged through activities surrounding the Affordable Care Act. Dr. Sprott stated that the focus should be on those MCO's who's partnership with UH has not been successful in the past.

Chairman DiFrancesco read the Resolution to move the Board into Executive Session:

BE IT RESOLVED, that the Board will meet in executive session on this date, March 18, 2014, to review matters falling within the attorney-client privilege and such other matters as may be discussed in executive session, in accordance with N.J.S.A. 10:4-12.

BE IT FURTHER RESOLVED, that any necessary action will be taken at the earliest possible public meeting of the Board, and that each of these matters shall be made public when they have been resolved and/or concluded.

**The Board adjourned to Executive Session at 9:30 a.m.
Public Session re-opened at 9:52 a.m.**

The Chairman adjourned the meeting at 9:53 a.m.

There being no further business, the UH-Board of Directors Meeting was adjourned at 9:53 a.m. The next full meeting of the UH-Board of Directors will be held at 8:30 a.m. Tuesday, May 20, 2014, Cancer Center Board Room, 205 S. Orange Avenue, Newark, New Jersey.