



UNIVERSITY HOSPITAL
Newark, New Jersey

Meeting of the
University Hospital Board of Directors

PUBLIC SESSION

July 15, 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 (via telephone)*; Robert L. Barchi, M.D., PhD (*via telephone*); and Robert L. Johnson, M.D., FAAP

Excused– University Hospital (“UH”) Board of Directors: Domenic M. DiPiero, III; Cecile A. Feldman, D.M.D., MBA; and Brian L. Strom, MD, MPH

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; and Amy Herbold, Esq., Assistant Counsel, Governor’s Authorities Unit

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*
Robert L. Barchi, M.D., PhD- *Present*
William D. Cassidy, III, Ph.D- *Present*
Robert L. Johnson, M.D., FAAP- *Present*
James M. Orsini, M.D. - *Present*

With a quorum of members being present, Chairman DiFrancesco called the meeting to order at 9:06 a.m.

Approval of Meeting Minutes

The Board unanimously approved the minutes of the May 20, 2014, UH Board of Directors Public Session meeting.

Upon recommendation, and pursuant to the requirements of The Joint Commission, the Board approved the following:

- Medical Executive Committee Minutes – April 22, 2014 and May 27, 2014
- Credentials Committee Minutes - April 14, 2014, May 12, 2014 and June 9, 2014
- Action Item Memos of May 12, 2014 and June 9, 2014
- Reappointment Rosters for July

Ms. Hamstra summarized information presented to the Board on the Resolution for the New Jersey Trauma Center. Chairman DiFrancesco then presented the Resolution for Board approval.

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

BE IT RESOLVED, that the Board of Directors of University Hospital supports the continuing function of the New Jersey Trauma Center at University Hospital, and the expansion of its clinical and academic programs.



Chairman's Report

The Chairman informed members that the Annual Meeting of the UH Board of Directors will take place on September 16, 2014. The Chairman stated that there is no formal Chairman's report to present to the Board for the month of July 2014.

President and CEO's Report

Mr. Gonzalez reported:

- UH began its first year as an independent instrument of the State with a \$37 million dollar deficit. Through the control of labor and operational expenses, the Hospital expended \$10 million less than anticipated for the year-end budget.
- Senior management focused on maintaining and improving operational effectiveness despite budgetary challenges, working through complex transitional and continuing service agreements. The outcome of the onsite surveys of the New Jersey Department of Health, Center for Medicare & Medicaid Services, and The Joint Commission were favorable. Senior leadership continues to monitor areas outlined during the Joint Commission survey, meeting on a weekly basis to review standards throughout the organization.
- Substantial investments were made in patient environments with the purchase of new hospital beds, televisions, and patient room furniture. Key surgical and diagnostic instruments were also purchased, and upgrades to the physical plant and patient care areas were initiated. Critical capital needs will continue to be addressed into FY2015.
- The NY Med TV series showcased the dedicated and talented Rutgers faculty staff, residents, and UH's nursing, support, and emergency services staff on a national scale. The viewership of the first three episodes combined was 15.4 million people. Discussions regarding a future series are underway.
- UH continues its efforts to become a major entity to educate and inform the community about positive health behaviors, and to serve as a resource to assist with the Health Exchange insurance application process.
- UH implemented key components of the EPIC Electronic medical record system throughout the year. This addition, enhanced health information management and the cardiology



UNIVERSITY HOSPITAL

Newark, New Jersey

systems integration with PACS imaging. Preparation is underway to implement the clinical documentation system hospital-wide on July 27, 2014. All associated projects are currently on time and on budget.

- Collaboration and partnership between hospital and medical staff leadership is a key driver in the implementation of a number of new clinical initiatives and program enhancements. Three examples of such collaboration were summarized to the Board:
 1. Dr. Mark Klapholz, Chair, Department of Medicine and Director, Division of Cardiology's team have focused their efforts on increasing patient volume in the ambulatory care center, developing new strategies to help reduce length of stay, and playing a major role in planning for UH's DSRIP patient centered medical home.
 2. Dr Nick Pyrsopoulos, Division Director of Hepatology/GI, has become an ambassador for the liver transplant program, connecting with hepatologists and gastroenterologists throughout the State. Dr. Pyrsopoulos has a positive impact upon building new professional networks among his peers, which has increased the number of referrals and actual transplants during the past several months.
 3. Dr. Petros Levounis, Chairman of Psychiatry, a nationally known and respected expert in addiction medicine, will be working with the ambulatory care staff this Fall to implement a wellness outpatient program to address the increasing numbers of patients affected by drug addictive and substance abuse behaviors.

Mr. Gonzalez continued, updating the Board on the progress of the newly opened Observation Unit. A discussion ensued, whereby Dr. Atkin outlined the reasons for which the Unit was created, the criteria for patient admission, average length of stay, and current staffing.

Mr. Gonzalez informed members that leadership is working with the City of Newark's Mayor-elect, Ras Baraka and his incoming Administration to explore issues with regard to the health of Newark residents. An update on current contract negotiations with managed care organizations: Aetna, Cigna, United Healthcare, Well care and AmeriHealth were also provided.

Members were informed that the RFP administered by New Jersey Healthcare Facilities and Financing Authority to determine healthcare services that should be consolidated within the City of Newark has been awarded to Navigant Consultant Group.



Audit Committee Report

The Chairman stated that KPMG presented its FY2014 service plan during the Audit committee meeting on June 30, 2014. KPMG is expected to meet the November 1, 2014, deadline to deliver audited financial statements to the State of New Jersey Treasurers Office. KPMG will continue to provide updates to the Committee as the audit progresses.

Governance and Ethics Committee Report

The Board accepted of the minutes of the May 19, 2014, and the June 30, 2014, Governance & Ethics Committee meetings.

Quality of Care Committee Report

Upon recommendation, and pursuant to the requirements of The Joint Commission, the Board approved the minutes of the April 22, 2014, Quality of Care Committee Meeting.

Reports to the Board of Directors

Finance Report

Mr. Daly reported:

- The Board was informed that members of the Governance & Ethics Committee reviewed and recommended for Board approval the FY2015 operating budget during the Committee's June 30, 2014, meeting.
- Mr. Daly noted that the UH 2015 operating budget provides adequate funding to meet the hospitals mission as a level one trauma center, safety net provider, and the Academic Medical Center teaching status.
- An overview of the 2015 budget revenue assumptions were presented which include a \$25 million increase in State appropriations, a decrease of \$22.8 million in Charity Care subsidy, \$1.5 million in incentive payments for Meaningful Use initiatives, and an anticipated net revenue of \$2.5 million from the newly formed Observation Unit. Total revenue for FY2015 budget was projected at \$563,967.
- An outline of the expense assumptions were presented which included \$2.5 million of additional expense for the Observation Unit, cost savings initiatives of \$20.0 million, \$4.6 million in salary increases, and costs associated with ongoing IT capital initiatives. Total expenses for the FY2015 budget were projected at \$580,958.



UNIVERSITY HOSPITAL

Newark, New Jersey

- The original budget was an excess of expense over revenue (before the one-time special relief of \$49.4 million) was \$37.3 million. The projected excess of expenses over revenue is an improvement of \$10 million or \$27.8 million with a 2015 excess of expense over revenue of \$17 million.
- The resultant budgeted loss of \$17 million will allow University Hospital to operate with a positive cash flow for FY 2015, since any capital expenditures will be acquired through the remaining capital funding available from BANS and the Higher Education Grant.
- A number of risks and opportunities associated with the Budget were summarized with the Board. One risk is that of volume decrease which management is addressing through the redesign of clinic areas to increase volume on the outpatient side. Opportunities outlined to with Board members included practice and utilization improvements resulting from the implementation of the electronic medical record and the growth expected in the ACC.
- Graphs outlining inpatient statistics for discharges, patient days, length of stay, and ambulatory visits were summarized for the Board. It was noted that there has been a decline in inpatient volume, with a slight increase in clinical visits.

The Chairman introduced a Resolution to adopt the FY2015 Budget.

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 approves the FY 2015 Operating Budget in the amount of \$580.96 million; provided that any subsequent amendments to the budget be approved by the Governance and Ethics Committee and recommended to the Board for approval in the future.

Compliance Report

Mr. Ras summarized the third quarter Office of Ethics & Compliance Report to the Board. Mr. Ras stated that the department is currently working in year five of the CIA reporting cycle and is in the process of reviewing agreements that currently exist between University Hospital and Rutgers, the State University of New Jersey.

Legal Report

Mr. Wermuth stated that the Department of Legal Management did not have a formal report to present to the Board for the month of July 2014.



UNIVERSITY HOSPITAL
Newark, New Jersey

Public Comment

Dr. Peter Carmel, Founding Chairman, Department of Neurological Surgery, Founding Co-Director, Neurological Institute of New Jersey, and President of the American Medical Association addressed the Board. Dr. Carmel expressed concerns regarding the new Observation Unit and its affect on the delineation of privileges for UH physicians. .

Dr. Michael Jaker, President, Medical Staff, updated members on the success of the 3rd Annual Medial Staff Golf Classic which took place on June 5, 2014, at the Maplewood Country Club. The event raised \$83,000 in donations that will be used to improve a unit within the Hospital.

The Chairman publically thanked Dr. Carmel and Dr. Jaker for their comments.

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, July 15, 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 10:00 a.m.
Public Session re-opened at 10:04 a.m.**

The Chairman adjourned the meeting at 10:05 a.m.

There being no further business, the UH-Board of Directors Meeting was adjourned at 10:05 a.m. The next full meeting of the UH-Board of Directors will be held at 1:00 p.m. Tuesday, September 16, 2014, University Hospital, 150 Bergen Street, H Level, Rooms 349 and 349, Newark, New Jersey.