

# **Health Affairs Committee Meeting**

University of Missouri System

Atkins Seminar Room, NextGen Precision Health Building

Nov 11, 2021 1:00 PM - 3:30 PM CST

## **Table of Contents**

### **I. HEALTH AFFAIRS COMMITTEE PUBLIC SESSION - CALL TO ORDER**

### **II. INFORMATION**

<b>A. Executive Vice Chancellor Report.....</b>	<b>2</b>
<b>B. School of Medicine Report.....</b>	<b>12</b>
<b>C. MU Health Care Report.....</b>	<b>23</b>
<b>D. Status, University of Missouri Columbia Medical Alliance, Inc.....</b>	<b>35</b>
<b>E. Quarterly Financial Report, MU Health (written report only).....</b>	<b>45</b>
<b>F. Quarterly Compliance Report. MU Health (written report only).....</b>	<b>46</b>

### **III. ACTION**

<b>A. Minutes Approval, August 26, 2021 Health Affairs Committee Meeting.....</b>	<b>49</b>
---	-----------

### **IV. Recess**

# Health Affairs Committee

**Richard J. Barohn, MD**

Executive Vice Chancellor for Health Affairs

November 11, 2021



University of Missouri

MU Health Care | NextGen Precision Health | School of Medicine

# Grand Opening Oct. 19, 2021



# Grand Opening by the Numbers

- 129 stories created about this announcement (potentially reaching > 81.7 million people)
- These stories were shared on social media > 500 times
- 1445 unique viewers tuned into the Grand Opening ceremony
- ~450 attend the Grand Opening in person
- 377 online and 70 in person for the Collins lecture



# Grand Opening Coverage

yahoo!news

Washington Examiner

## Blunt praised for medical research funding during dedication of University of Missouri facility



Blunt praised for medical research funding during dedication of University of Missouri facility



Joe Mueller, The Center Square

Wed, October 20, 2021, 3:00 PM 4 min read

**Yahoo! News - 64.6 million potential reach**



**KSHB-TV - NBC Kansas City  
affiliate, 1.6 million potential reach)**

REVISED OPEN – HEALTH AFF – INFO 1-4

# Grand Opening Magnets



**Dr. Francis Collins, NIH Director**



**Siemens Healthineers MAGNETOM  
Terra 7-Tesla MRI**

# NextGen Researchers

The 15 researchers housed in the NextGen building will focus on:

- **Cancer and Immunology**
- **Cardiovascular and Metabolic Disorders**

The other NextGen research focus areas are:

- **Neuroscience**
- **Infectious Diseases**
- **Reproduction and Child Health**

## Cancer and Immunology



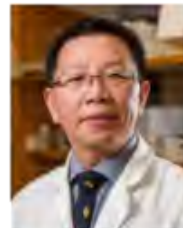
**MARK DANIELS**



**DIANA GIL PAGES**



**ERIC KIMCHI**



**GUANGFU LI**



**ADAM SCHRUM**



**HAVAL SHIRWAN**



**KEVIN STAVELEY-O'CARROLL**



**EMMA TEIXEIRO**



**ESMA YOLCU**

## Cardiovascular and Metabolic Disorders



**CRAIG EMTER**



**CAMILA MANRIQUE-ACEVEDO**



**LUIS MARTINEZ-LEMUS**



**JAUME PADILLA**



**ELIZABETH PARKS**



**SCOTT RECTOR**

# NextGen Imaging Faculty

- **Melissa Terpstra**, director of NextGen imaging
- **Ai-Ling Lin**, vice chair of research for radiology
- **Jullie Pan**, director of high field MRI
- **Junghwan Kim**, assistant professor
- **Changyu Sun**, assistant professor
- **John Grinstead**, scientific engagement director with Siemens Healthineers and adjunct radiology research professor



**JOHN GRINSTEAD**



**JUNGHWAN KIM**



**AI-LING LIN**



**JULLIE PAN**



**CHANGYU SUN**



**MELISSA TERPSTRA**



**Dr. Talissa Altes**  
Chair, MU Department of Radiology



**Siemens Healthineers**  
**MAGNETOM Terra 7-Tesla**



# NextGen Microscopy Faculty



## New MU Biochemistry faculty



**Zachary Berndsen**



**Clarissa Durie**

# Corporate Integrity Agreement Update

- Reporting Period 5 and full term of the CIA ended as of June 30, 2021
- The Department of Health and Human Services (DHSS) Office of Inspector General (OIG) Monitor verified receipt of Annual Report on Sept. 24, 2021 - awaiting comments on the report
- MU Health repaid all identified overpayments from the Claims Review - less than \$1,200 across 35 claims - out of a total of 500 claims

We now have better established policies and procedures which reinforce behaviors focused on **patient safety, employee engagement and professionalism, and financial integrity.**

**Thank You!**

**Questions?**



# Dean's Report

November 11, 2021

**Steven Zweig, MD**

Dean of MU School of Medicine



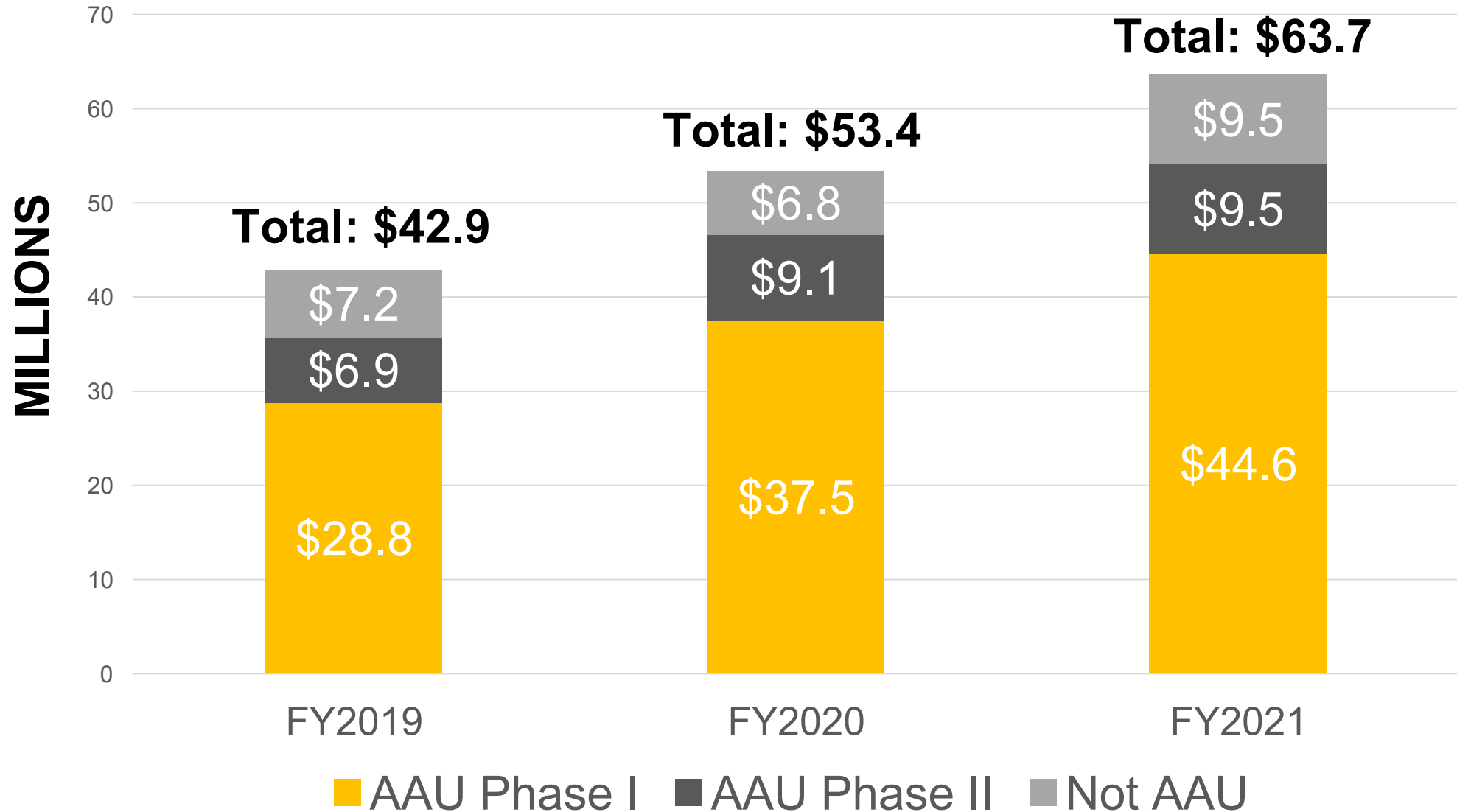
School of Medicine

University of Missouri

# Research Growth Strategy Aligned with NextGen Mission

1. Investment in research infrastructure
  - Talent and capacity – broaden portfolio of methods to ensure translation
  - Rebuilt structure for cancer and other clinical trials
2. Promotion of strategic growth
  - Use of CARTs R academic support for new investment
  - RISE UP and now Mizzou Forward process for strategic hiring
3. Support excellence in existing faculty
  - Competitive pilot grant program – 30 NIH-like proposals funded
  - Bridge funding for successful researchers
  - Increased accountability with expectations for 50% salary support and new metrics for use of research space
4. Translational biosciences PhD programs in areas of research strength

# MU SOM Total Shared Credit Expenditures



# 150<sup>th</sup> Anniversary of the School of Medicine

- 7,700 graduates of the medical school
- More Missouri physicians have received their medical degrees from MU than from any other university
- Care of patients from every county
- Successful rural track and rural pipeline programs
- Tremendous growth in clinical services
- Burgeoning clinical campus in Springfield

# Springfield Clinical Campus Fifth Anniversary

- Public/private partnership with CoxHealth and Mercy hospitals and physicians
- More than 90% of SCC students are Missouri residents and anticipated to return to Missouri after residency





# **Growth at MU Health Care ...**



# Roy Blunt NextGen Precision Health building



# Children's Hospital



# MU Health Care Clinic Facilities

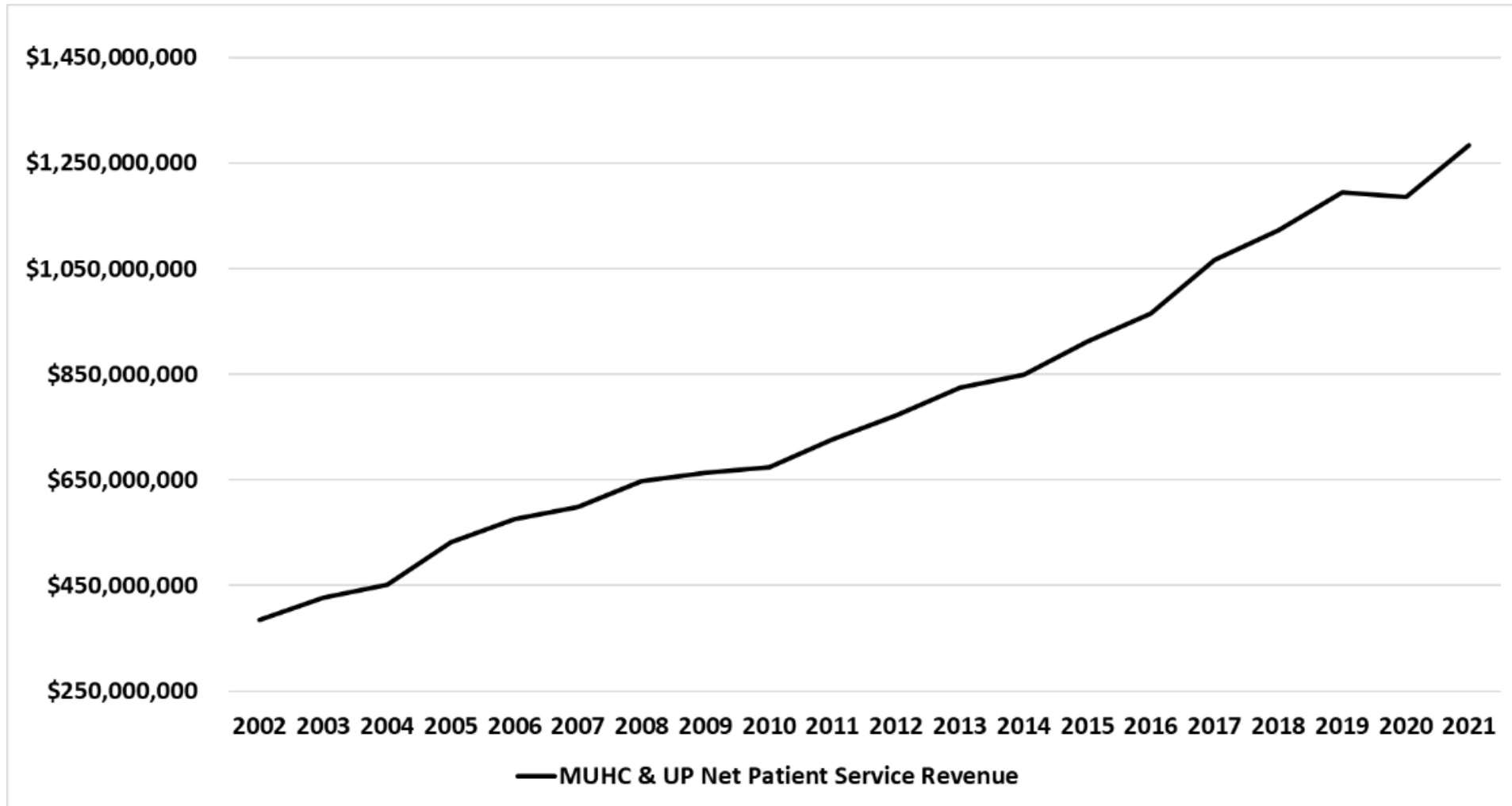
## Specialty Care

- Keene Medical Building
- Health Pavilion WCH Campus
- Columbia Family Medical Services / Columbia ENT
- Hearing Balance & Voice / ENT & Allergy
- Woodrail Building 2
- Jefferson City Dermatology
- Diabetes Clinic
- Eye East Clinic
- Rusk Rehabilitation
- Thompson Center
- Oral Surgery
- Columbia Surgical Services
- Peds Orthopaedics

## Primary Care

- South Providence Medical Park
- Keene Family Medicine
- Battle Avenue Medical Building
- Fayette Medical Clinic
- Fulton Family Health
- Callaway Physicians
- Boonville Family Medicine
- Smiley Lane Building
- Wood Rail Building 3
- Fairview Medical Building
- Ashland Family Medicine
- Urgent Care
- Quick Care (in 3 Columbia Hy-Vees)

# Revenue Trend Line - 2002 to Present



**19-Year Growth, MU Health Care & University Physicians: 233%**

# Challenges and Opportunities

- **Recruitment and retention of faculty**
- **Cost inflation involving both clinicians and researchers**
- **Space issues as we merge the two clinical campuses in Columbia**

# **CEO Report**

**November 11, 2021**

**Jonathan Curtright**

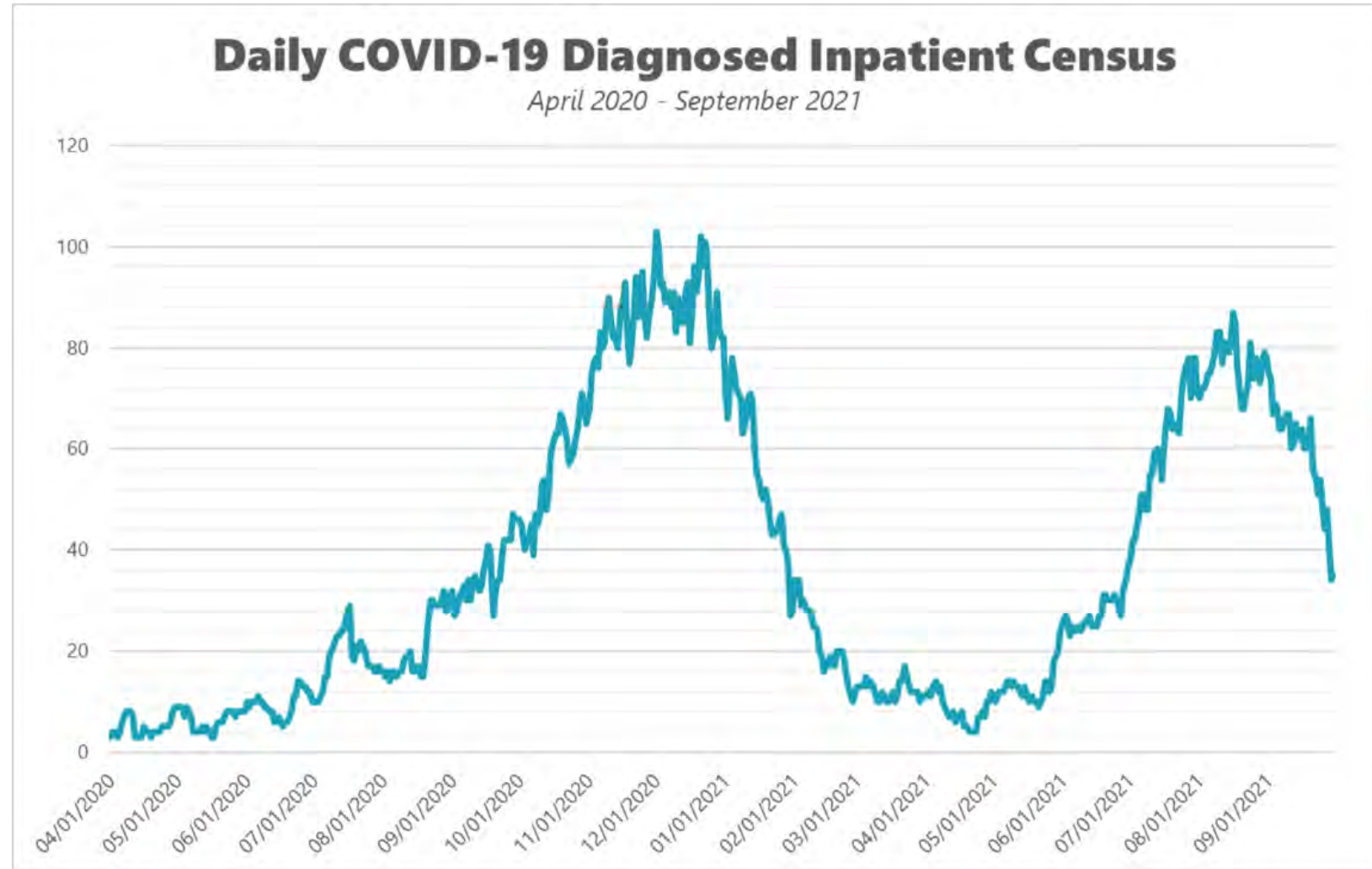
Chief Executive Officer



Health Care

# COVID-19 Updates

- With the COVID-19 surge declining, sunsetting Incident Command
- Remain agile to care for community if cases increase



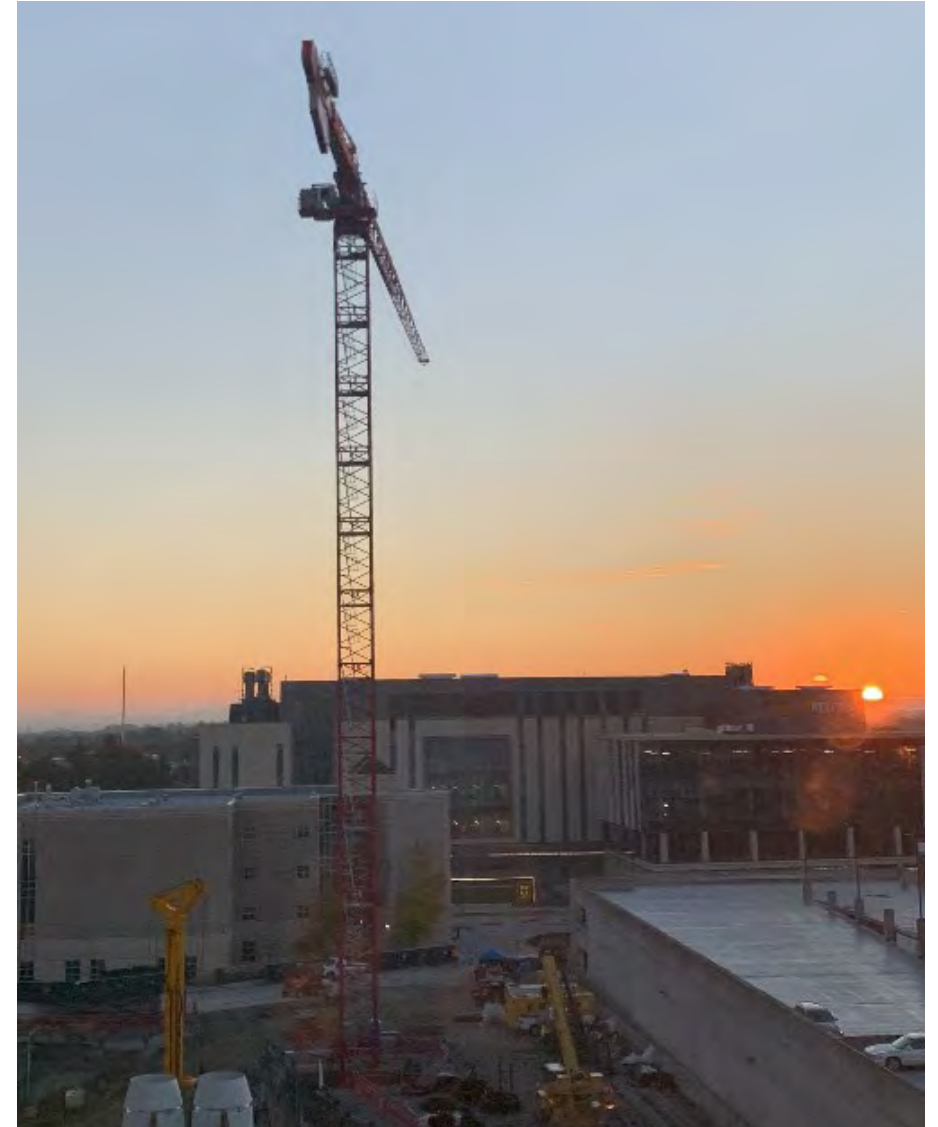


# Video - Children's Hospital Groundbreaking

OPEN – HEALTH AFF – INFO 3-3



# Children's Hospital Groundbreaking Celebration



# MOVE DAY IS NOV. 16

*The following services will relocate:*

Pediatric Inpatient Unit

Pediatric Intensive Care Unit (PICU)

Pediatric Surgery

Pediatric Emergency Services

Children's Hospital Procedure Suite (CHPS)

Children's Cancer and Blood Disorder Unit (CBCU)

Pediatric EEG

# Quality & Safety Children's Hospital Transition

- Chief of the Medical Staff
- Vice Chair for Clinical Affairs, Child Health
- Executive Committee of Medical Staff (ECOMS) accountable for ensuring overall quality and safety
- Chair multidisciplinary quality and safety committee to assess any clinical concerns relative to transition
- Membership from Child Health Faculty, Regulatory Affairs and Office of Clinical Effectiveness
- Assess clinical concerns of Phase I integration and any items through the opening of new Children's Hospital



**Laura Hesemann, MD**  
**Pediatric Nephrologist**



# Financial Results – First Quarter by Year



# Financial Variances to Original Budget

Description	FYTD Income Statement Impact	Annual Income Statement Impact
Premium Pay (Overtime, Agency)	(\$5M)	(\$15M)
Medicaid 340B Pricing	(\$3M)	(\$12M)
COVID-19 Expenses	(\$5M)	(\$7M)
Revenue Cycle Conversion	(\$6M)	\$0
Upper Payment Limit	\$2M	\$9M

# Ongoing Operations and Next Steps

- Medicaid expansion execution
- Revenue cycle stabilization and recovery
- COVID care has evolved to normal clinical operations
- Managed care contract negotiations
- Mo HealthNet & Managed Medicaid advanced care models
- Supply chain rigorous management
- Team based nursing
- Patient access (Inpatient, Surgical, and Ambulatory)
- Expense management (\$ per AD positive trend)

# Our Executive Leadership Team

- **Shanon Fucik, Chief Nursing Officer**
  - Joined Nov. 8 from Children's Mercy in Kansas City
  - 20 years of experience in nursing administration
  - Served as senior nurse director of emergency services, trauma, critical care transport and patient logistics
- Conducting national searches for:
  - Chief Financial Officer
  - Chief Operations Officer
  - Chief of Marketing and Communications



Shanon Fucik,  
MBA, RN, CPN, NEA-BC

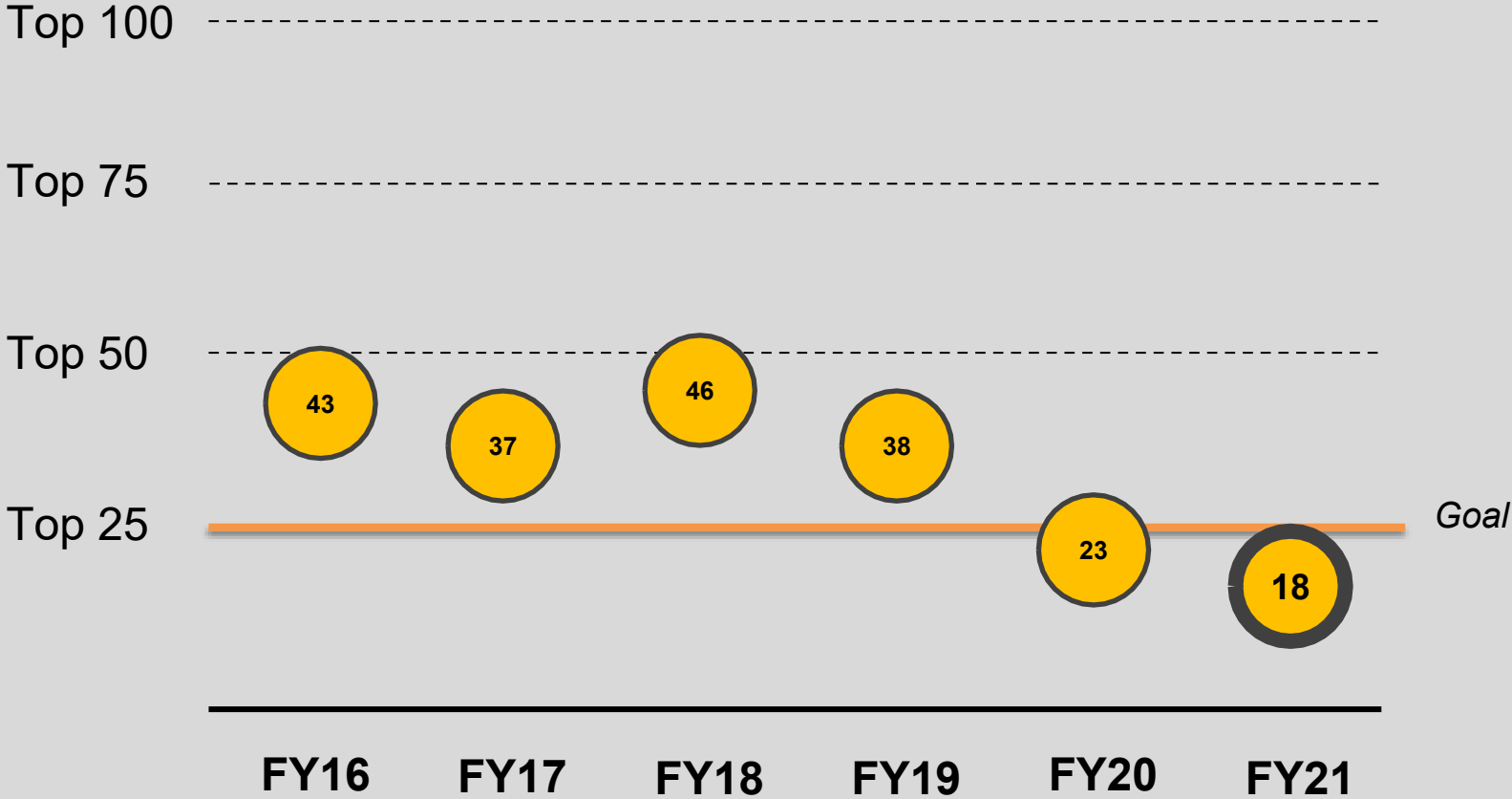


# Challenges and Opportunities

- **Revenue cycle implementation**
  - Insurance verification and self-pay default
  - Accounts receivable growth (Volumes and efficiency)
- **Staffing and inflation**
  - Turnover 25% and “Great Resignation” in health care
  - Vacancy rates and recruitment with very low unemployment rates
  - Premium pay and agency rates matched with \$15-\$17.50 minimum wage
- **Medicaid expansion**
  - October 1<sup>st</sup> go-live and retrospective to July 1<sup>st</sup>
  - Currently in two of three managed Medicaid contracts

# Vizient Rank Compared to Academic Medical Center Peers

Vizient Quality & Accountability National Rank



- Remember, down is better!
- Vizient ranking is directionally aligned with CMS rating and a good leading indicator



# Health Care

**University of Missouri Columbia Medical Alliance, Inc.**

**November 11, 2021**

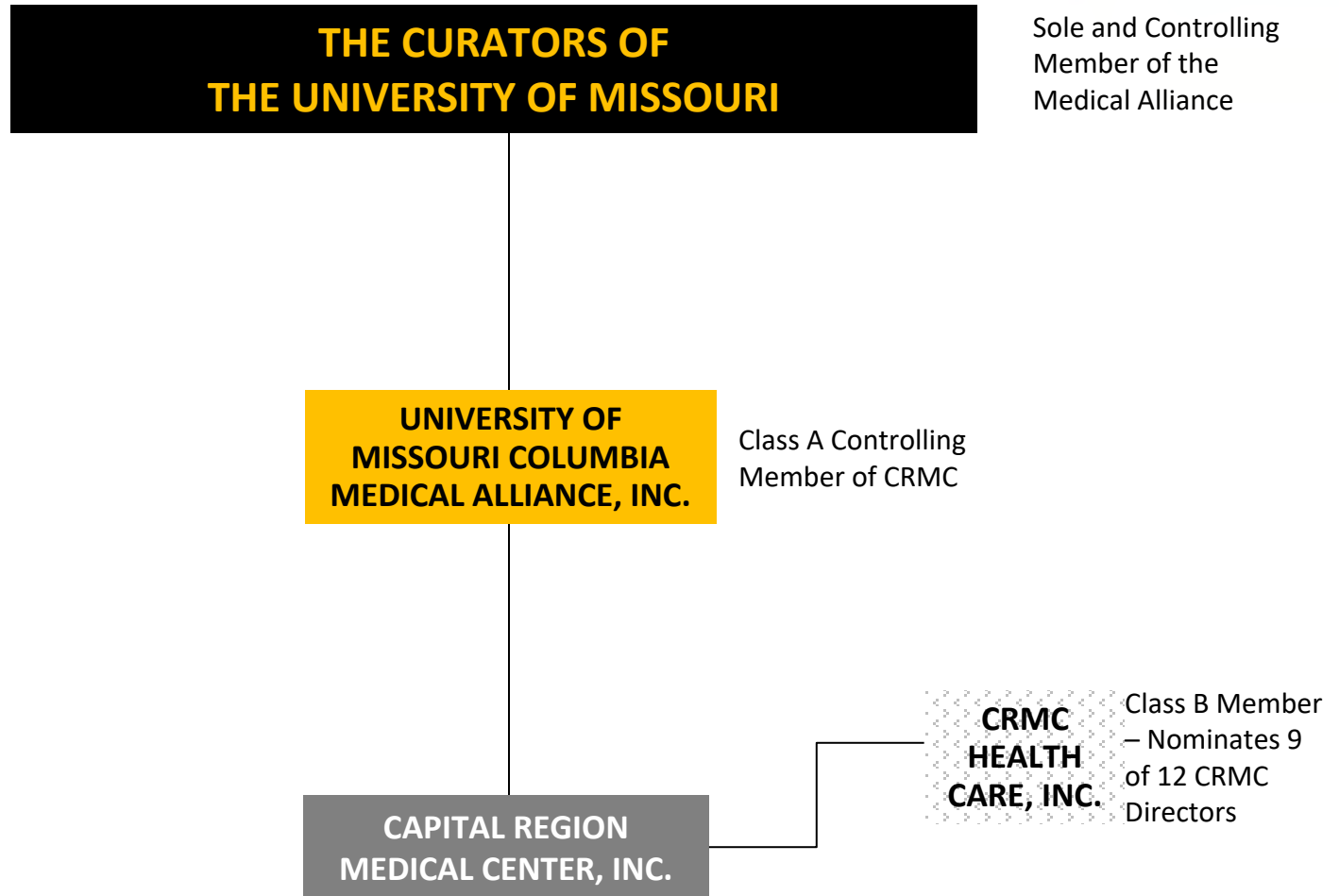
# BACKGROUND

- In July, 1997, the University and Capital Region Medical Center, Inc. affiliated through a member substitution transaction.
- The University formed University of Missouri Columbia Medical Alliance, Inc. to serve as the controlling member of CRMC and future health system affiliates.
- The University is the sole member of the Medical Alliance.
- UM System President appoints and removes Medical Alliance directors.

## BACKGROUND, CONT.

- Local CRMC board of directors makes day to day business decisions.
- Medical Alliance has ultimate control over CRMC business strategy through
  - its power to appoint all CRMC directors,
  - joint hiring authority with CRMC over CRMC President, and
  - reserved corporate powers over significant decisions (for example, debt, annual operating and capital budgets).
- Separate local corporation (CRMC Health Care, Inc.) nominates 9 of 12 CRMC directors.

# CORPORATE STRUCTURE



## CRMC: Key Facts

- CRMC has operated as a community hospital consistent with its historical mission and serves an 8 county area around Jefferson City.
  - The area is part of MU Health Care's 25 county service area.
- Capital Region Physicians is a part of CRMC and is the largest provider group in Jefferson City (79 physicians and 38 advanced practice providers).
- MU Health Care and CRMC have implemented a shared electronic medical record.

# FINANCIAL RESPONSIBILITY AND

- CRMC is the only current affiliate of the University through the Medical Alliance.
- CRMC is not part of the University's obligated group. It is legally responsible for its own debt.
- CRMC and the Medical Alliance appear on the University's financial statements as component units.



# MEDICAL ALLIANCE FINANCES

- Current financial information

	YTD 2021	FY 2021
Cash Balance	\$8.7M	\$8.9M
Total Revenues & Contributions	\$0.2M	\$0.9M

- CRMC contributes 1% of its annual net patient services revenues to the Medical Alliance, subject to a cap of 25% of CRMC's revenue over expenses.

# CURRENT FOCUS

- The Medical Alliance's current focus is on advancing strategic alignment and integration of MU Health Care and CRMC to:
  - Optimally serve our shared patients and the communities of Mid-Missouri;
  - Unlock new value opportunities and gain additional efficiencies for the health system;
  - Position MU Health Care and its affiliates to continue to advance their missions in the future.
- Current Medical Alliance directors are being appointed with this charge

# DIRECTORS AND OFFICERS

- Medical Alliance directors:
  - CRMC: Carlos Graham and Diane Light, MD
  - University: Richard Barohn, MD, Stevan Whitt, MD, Vic Arnold, Robin Wenneker
  - Community member: Ron Ashworth
- Medical Alliance Board Chair: Dr. Richard Barohn.
- Medical Alliance Corporate President: Jonathan Curtright.

# DISCUSSION AND QUESTIONS

**University of Missouri Health Care  
Health Affairs Committee**

**Financial Report  
Fiscal Year 2022, September Year-To-Date**

<b>Consolidated Financial Results (\$000's)</b>	<b>Actual</b>	<b>Budget</b>	<b>Prior Year</b>
Net Revenues	\$ 324,743	\$ 306,562	\$ 292,372
Operating Expenses	(306,749)	(286,628)	(268,018)
Operating Income	17,993	19,934	24,354
Non-operating Revenues, Net	1,784	(8,140)	2,711
Change in Net Assets/Net Income	\$ 19,777	\$ 11,794	\$ 27,065

**Overview**

Year-to-date, our overall performance to budget and prior year actual results is favorable. However, we are following expense and revenue pressures closely to meet our annual performance goals. Financial performance for Net Income is favorable to budget by \$7.9M, and net revenues per adjusted patient day, however, are 3.7% lower than the prior year. Primary drivers of operating income variances to the budget include:

- Expenses in supplies are related to higher volumes, with expense per adjusted discharge running lower
- Employee vacancy rate levels are negatively influencing overtime and agency expenses compared to budget
- Changes in Medicaid payment for pharmaceuticals

**Performance Updates**

- The average Daily Census is 8.46% higher than budget and 14.0% higher than the prior-year
- OR Cases are 2.5% lower than budget and 1.1% lower than the prior-year; we also are observing increases in lower margin outpatient cases compared to inpatient cases
- Clinic visits are 3.4% higher than budget and 5.5% higher than the prior-year
- Emergency Room visits are 29.1% higher than budget and 22.7% higher than the prior-year

**Ratios and Benchmarks**

Operating Margin Annualized Return on Total Assets, Cash to Total Debt, Debt to Capitalization, and Maximum Annual Debt Service Coverage are favorable to Moody's A-rated medians, while Net Days Revenue in AR and Days Cash on Hand is unfavorable to Moody's A-rated medians.

- The Cerner Revenue Cycle Conversion impacted cash collections and accounts receivable and therefore the financial ratios and benchmarks below. Correction in this trend is expected in Q2 FY2022
- Construction on the Children's Hospital Facility continues; spending is favorable to current projections and is funded by operating income. The amount is \$12.8m and reduces our days cash on hand by 4.25 days.

<b>Financial Ratios and Benchmarks</b>	<b>Actual</b>	<b>Budget</b>	<b>Prior Year</b>	<b>Moody's A-Rated</b>
Operating Margin	4.7%	5.6%	7.4%	1.4%
Annualized Return on Total Assets	5.4%	3.6%	7.9%	3.8%
Cash to Total Debt	177.3%	202.0%	162.4%	160.9%
Debt to Capitalization	22.8%	23.8%	26.0%	31.7%
Maximum Annual Debt Service Coverage	6.7	3.1	6.6	4.4
Days Cash on Hand	179.3	186.3	193.9	261.4
Net Days Revenue in AR	61.1	49.4	47.3	46.3

## Memo

**To:** Board of Curators – Health Affairs Committee  
University of Missouri System

**From:** Jennifer May  
MU Health Chief Compliance Officer

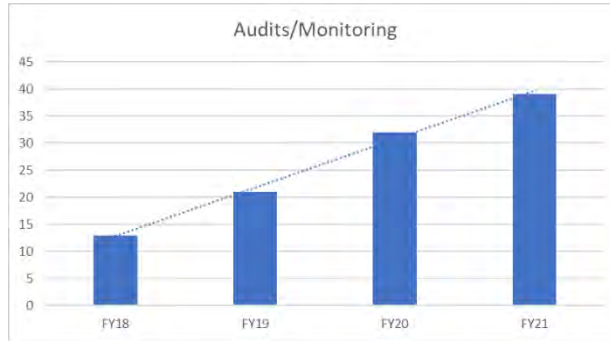
**Date:** November 11, 2021

**Re:** Quarterly Compliance Update

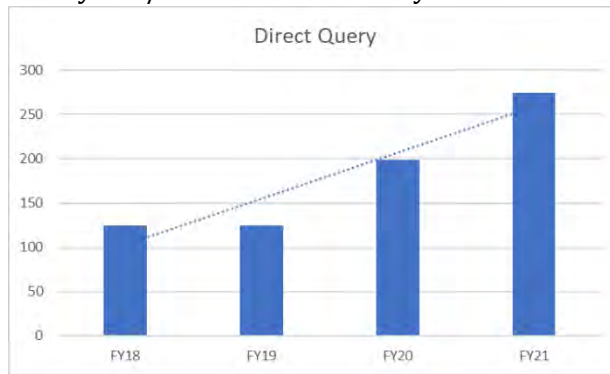
---

- I. Corporate Integrity Agreement Update
  - A. Reporting Period 5 and the full term of the CIA ended as of June 30, 2021.
  - B. The Department of Health and Human Services (DHSS) Office of Inspector General (OIG) Monitor verified receipt of the Annual Report for Reporting Period 5 on September 24, 2021. Comments on the report contents have not yet been received.
  - C. MU Health repaid all identified overpayments from the Claims Review.
  
- II. Compliance Program Status
  - A. The MU Health Compliance Program is focused on a goal of creating a shared culture and structure to provide the discipline, scalable core resources, and efficiency needed to promote a sustainable and integrated academic health system. To achieve this goal, the program is focused on the following strategies for FY22:
    - i. Revising compliance-assigned training programs to better align with specific staff roles and obligations
    - ii. Enhance coordination between the Privacy and Information Security programs to assure alignment
    - iii. Execute on plan to make the MU Health Code of Conduct highly visible and integrated into staff workflows
    - iv. Assess current benchmarks and explore incorporating other industry benchmarks into the compliance program
  - B. Continued increases in compliance and privacy activities measured in both fiscal and calendar year 2021
    - i. Below are charts showing increased activities of the Compliance staff:

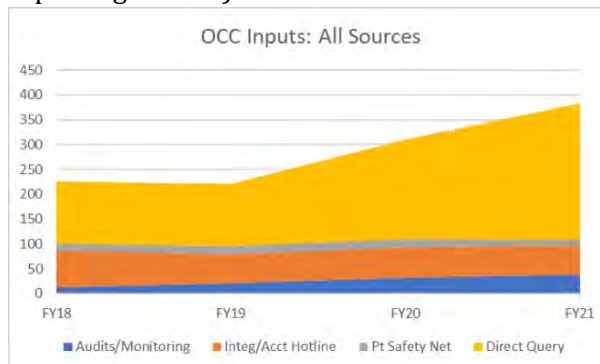
1. Office of Corporate Compliance (OCC) Audit and Monitoring Activity



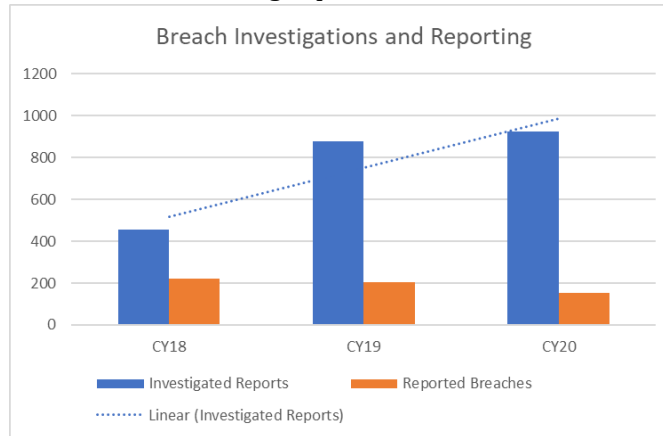
2. Direct Query to OCC: This chart shows the number of inquiries from faculty and/or staff made directly to the OCC staff



3. OCC Inputs from all sources: This chart combines the methods by which the OCC receives information for review and consideration. In addition to the audits and direct inquiries shown in the charts above, the OCC also receives notice of potential risk areas through the Patient Safety Network (internal reporting software system) and the Integrity and Accountability Hotline (UM System-hosted anonymous reporting hotline).



- ii. Below is a chart showing increased investigation activities by the Privacy staff and the resulting reported breaches to the Office for Civil Rights.



- iii. **Conclusions:** The increased activity in the audit space coupled with increased direct communication the OCC team receives from our staff allows for heightened visibility into potential risk areas and presents opportunities to appropriately educate and mitigate risk enhancing the likelihood of strategic goal success.



No. 1

Recommended Action - Minutes, August 26, 2021 Health Affairs Committee Meeting

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_, that the minutes of the August 26, 2021 Health Affairs Committee meeting, held in conjunction with the September 2, 2021 Board of Curators Meeting, be approved as presented.

Roll call vote of Committee: YES NO

Mr. Ashworth

Curator Graham

Curator Holloway

Mr. Phillips

Curator Wenneker

Curator Williams

The motion \_\_\_\_\_.

November 18, 2021