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   B. Action
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II. Health Affairs Committee Meeting - Executive Session (time is approximate)

III. Recess
Health Affairs Committee
January 27, 2022

Richard J. Barohn, MD
Executive Vice Chancellor for Health Affairs

University of Missouri

MU Health Care | NextGen Precision Health | School of Medicine
Agenda

• Executive Vice Chancellor Report: Dr. Richard Barohn
• Quarterly Compliance Report: Dr. Julia Settles
• School of Medicine Report: Dean Steven Zweig
• MU Health Care Report: Jonathan Curtright
• Quarterly Financial Report: Kay Davis
• Closed Session
Growth Plan

• Plan is to increase current operating margin from $87M FY22 to $135M FY26

• Primary ways to realize this goal:
  – Physician Recruitment
  – Stewardship
  – Philanthropy

• Physician recruitment focused on:
  – Cardiovascular/Metabolic, Neurosciences, Oncology, Pediatrics, Surgery and Women’s Health

• Stewardship initiatives focused on revenue opportunities; fixed and variable expenses
  – Retail and specialty pharmacy
  – Supply chain, clinical integration efficiencies and standardization of clinical practices
MU Health Care, School of Medicine, Thompson Center for Autism and Neurodevelopmental Disorders

FY19 - $28,980,359
FY20 - $20,367,883
FY21 - $14,250,687
FY22 - $7,173,100 (as of 12/31/21)
NextGen Update

• All 16 inaugural “NextGenNauts” are in place
• New “NextGen ImagingNauts” have arrived, using Siemens equipment
• Patients being imaged in Siemens suite
• Constantly recruiting NextGen scientists through RiseUp and Mizzou Forward
Compliance Leadership Update

Julia Settles, MD, JD

- ’04 UMKC School of Medicine graduate
- ’07 MU School of Law graduate
- Certified in health care risk management
- Certified patient safety professional
- Six years with MU Health Care
- 11 years with an outside law firm working with the Curators (health and professional liability)
- Clinical risk management
- Hospital accreditation
Compliance Report
January 27, 2022

Julia Settles, MD, JD
Interim Chief Compliance Officer

Health Care
Corporate Integrity Agreement (CIA)
• Office of Inspector General (OIG) has closed the CIA

Leadership Update
• Julia Settles – interim Chief Compliance Officer

We now have better established policies and procedures which reinforce behaviors focused on patient safety, employee engagement and professionalism, and financial integrity.
# Revenue - All Sources Summary

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>FY21</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Revenue</td>
<td>$230,377,654</td>
<td>$223,480,513</td>
</tr>
<tr>
<td>MUHC</td>
<td>80,809,002</td>
<td>74,958,931</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>58,087,741</td>
<td>47,382,725</td>
</tr>
<tr>
<td>General Operating (Tuition)</td>
<td>22,151,818</td>
<td>20,126,000</td>
</tr>
<tr>
<td>School UP Trust</td>
<td>13,610,164</td>
<td>11,911,712</td>
</tr>
<tr>
<td>General Operating (Other)</td>
<td>11,181,194</td>
<td>17,961,934</td>
</tr>
<tr>
<td>Contracts</td>
<td>7,287,580</td>
<td>7,693,100</td>
</tr>
<tr>
<td>Endowments/Gifts</td>
<td>7,268,942</td>
<td>6,860,789</td>
</tr>
<tr>
<td>Service Operations</td>
<td>6,006,978</td>
<td>5,222,012</td>
</tr>
<tr>
<td>Restricted State Approp</td>
<td>3,781,746</td>
<td>3,782,202</td>
</tr>
<tr>
<td>Other Unrestricted Designated</td>
<td>2,697,507</td>
<td>3,065,539</td>
</tr>
<tr>
<td>Research Incentive Funds</td>
<td>1,714,007</td>
<td>1,411,942</td>
</tr>
<tr>
<td>Fixed Price Contracts</td>
<td>695,313</td>
<td>364,907</td>
</tr>
<tr>
<td>Patent &amp; Royalty</td>
<td>304,494</td>
<td>145,143</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$445,974,140</td>
<td>$424,367,449</td>
</tr>
</tbody>
</table>

General Operating revenue does not include Provost tax transactions: $2,345,664 (anticipated)
New Leadership Recruits

• **Jae-Wook Jeong, PhD**
  • Reproductive biologist, Michigan State
  • 3 RO1s and co-PI on Center Grant - NICHD, NCI
  • Joins OBGYN as Professor and Director of the NextGen Reproductive Sciences Center and Dr. R. Phillip and Diane Acuff Endowed Professor
  • Lab space in NextGen

• **Jean Ricci Goodman, MD**
  • Chair of OBGYN and Women’s Health
  • Formerly Chief of Maternal Fetal Medicine, Loyola School of Medicine, Chicago
  • Received more than $1.3 million from the National Institute on Minority Health and Health Disparities for research on preeclampsia in Type I diabetic women
New Leadership Recruits

• **Gerhard Hildebrandt, MD**
  • Chief of Hematology and Bone Marrow Transplant, University of Kentucky
  • PI for multiple industry sponsored and investigator-initiated clinical trials
  • Will become Chief of Hematology/Oncology and Nellie B. Smith Endowed Chair of Oncology and Cancer Center Director
  • Lab space in NextGen

• **Mitchell Goldman, MD**
  • Professor of Medicine and Associate Director of Graduate Medical Education, University of Indiana
  • Infectious diseases, HIV expert, medical education
  • New Associate Dean for Graduate Medical Education and Professor of Internal Medicine
• **Vizient Quality and Accountability:** Ranked 18th

• **Financial Performance:** $38.9 million operating margin YTD

• **Revenue Cycle:** $92.3 million cash collections for December

• **Academic Performance-based Support:** 1% of net patient revenue generating approximately $25 million

• **COVID-19:** Leadership through public health crisis

• **Managed Medicaid plans**
Strong Corporate Partner

SIEMENS
Healthineers

Cerner
ORACLE
Our Vision
We will transform health care in Missouri and beyond

Our Mission
To save and improve lives through innovation, collaboration, education and research
Four Pillars – Siemens Healthineers and MU Health Care

Health care Delivery
Education & Workforce Development
Innovation
Research & Collaboration
Key Strategic Investments

- Imaging
- Mammography
- Radiation Oncology
- Lab Automation

7T MRI
MAMMOGRAPHY
ETHOS THERAPY
LAB AUTOMATION
Staffing Challenges

• **Nationally**
  – Full employment nationally (3.5% unemployment)
  – 11 million job openings
  – Monthly “quit rate” of 3%

• **Locally at MU Health Care**
  – A record-breaking year for hiring new employees (CY2021)
  – More open positions than ever before
  – Turnover rate increasing

• **MU Health Care Operational and Financial Impact**
  – 10% annual wage inflation for front-line staff
  – Surgical constraints and inpatient deferrals due to staffing
  – Agency spend of 7.3% of total compensation (Budget of 1.3%)
  – Agency spend of $14.2M (Budget $2.4M)
Staffing Strategies

- Compensation to 50\textsuperscript{th} percentile for front-line staff to combat inflation
- **Tiger Flex** internal agency model for nursing
- Team-based **nursing models**
- “Grow your own” training (CMAs, Surgical Techs, nursing)
- Career paths for **local high school students** (Columbia, Ranken Tech)
- **Retention:** relationships, and recognition, and rounding
- **Marketing spend** doubled – Nursing, front-line employees, career fairs
Consumer Perception Survey

OBJECTIVES

• Measure consumer perception of local and regional health care market

• Assess brand health/funnel, attitudes and associations for MU Health Care, Boone Health and other peers

• Determine the most relevant brand attributes and touchpoints and how they impact preference

METHODOLOGY

• Conduct every 2 years in the fall

• Telephone and online survey

• Representative sample of over 900 consumers across service area (data weighted on age and geographical area)
Key Findings

- #1 in unaided mentions of top hospitals/health systems
- Strongest brand funnel in the market
- The preferred hospital across all services lines
### Unaided Awareness

*When you think of the best hospitals or health care systems in the area, which ones first come to mind?*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2019</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU Health Care</td>
<td>45% ▲</td>
<td>MU Health Care (39%)</td>
<td>Boone Hospital (35%)</td>
</tr>
<tr>
<td>Boone Health</td>
<td>39%</td>
<td>Boone Hospital (38%)</td>
<td>MU Health Care (32%)</td>
</tr>
<tr>
<td>SSM Health - St. Mary's</td>
<td>18%</td>
<td>SSM Health (16%)</td>
<td>SSM Health (17%)</td>
</tr>
<tr>
<td>Capital Region Medical Center</td>
<td>12%</td>
<td>CRMC (14%)</td>
<td>CRMC (10%)</td>
</tr>
<tr>
<td>Lake Regional</td>
<td>9% ▲</td>
<td>Lake Regional (5%)</td>
<td>Lake Regional (3%)</td>
</tr>
</tbody>
</table>

▲ Indicates an increase from the previous year.
Challenges and Opportunities

- Staffing and inflation
- Information security protection
- Cerner and Oracle
- Payor pressures
- Leadership transitions
Financial Report
Health Affairs Committee
January 27, 2022

Kay Davis
Chief Financial Officer

Health Care
Monthly Operating Income and Margin reported excluding CARES/Covid Funds
Patient Utilization – Average Daily Census

FY2021: 407.0
FY2022 Plan: 422.3
FY2022: 451.1
Patient Utilization – Surgeries

- FY2021: 13,060
- FY22 Plan: 13,429
- FY2022: 13,354

Percentage increase:
- FY2021 to FY22 Plan: 62.7%
- FY22 Plan to FY2022: 66.2%
Patient Utilization – Clinic Visits

FY21 Actual: 371,943
FY22 Plan: 386,164
FY22 Actual: 401,029

- Specialty
- Primary
- Quick/Urgent

OPEN – HEALTH AFF – INFO 5-5
## Financial Results – Ratios and Benchmarks

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Moody's A Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin (including Int Exp) excluding CARES/ Covid Related Funds</td>
<td>6.4%</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>Annualized Return on Total Assets</td>
<td>4.6%</td>
<td>3.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Cash to Total Debt</td>
<td>188.6%</td>
<td>206.3%</td>
<td>160.9%</td>
</tr>
<tr>
<td>Debt to Capitalization</td>
<td>22.2%</td>
<td>23.1%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage</td>
<td>5.3</td>
<td>3.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>181.2</td>
<td>185.8</td>
<td>261.4</td>
</tr>
<tr>
<td>Net Days Revenue in AR</td>
<td>59.5</td>
<td>49.7</td>
<td>46.3</td>
</tr>
</tbody>
</table>
UMKC School of Medicine
Furthering our mission of excellence and reaching the underserved
Celebrating 50 years of excellence

2022 Rankings

- 17th in Most Graduates Practicing in Medically Underserved Areas
- 64th in Primary care
- 78th in Most Diverse Medical Schools
- 83rd in country in research
St. Joseph campus, Cohort 2

• Solving for significant provider shortages
  • Medically underserved, low-income, including tribal peoples and people with limited English proficiency
• HRSA grant: $12 million dollars over 4 years to create rural healthcare program
• Partners with Mosaic Life Care, a tertiary care facility of 350 beds, with more that 40 rural clinics
• Mosaic is part of the Mayo Clinic Network
St. Joseph campus model

- Launched in 2021: anticipate 100 students in year 4
- Top-notch facilities and innovative programs
- St. Joe students interact with KC campus, complete the same curriculum and foundational principles
  - Early introduction to clinical experiences
  - Docent teams led by a physician who serves as role model, advisor and mentor
- Emphasis on rural healthcare experiences and reducing health inequities
  - Clinic core inpatient rotations at Mosaic
  - Feature primary care residencies
UMKC Health Sciences District Development Project

A visionary new project serving the Kansas City community and state of Missouri
A $50M ask from the state will be matched by the community to fund a $100M new building.

Health Sciences District Expansion Project

- Relocating and updating the Dental School clinics to better serve the community.
- Expanding the School of Medicine to increase class size.

Additional Possibilities
- Biomedical Engineering
- Data Science Center
A $50M opportunity from the state could spark a billion dollars in development opportunities for Kansas City.

Our vision is to launch the creation of a large medical center that would make KC the center of medical care for a 4-5 state area.
Project Support

• Our Health Science District Partners have all signaled their support for the project.

• Mayor and City Manager are keenly interested in the project – as is the Jackson County Executive.

• Civic Council and Chamber of Commerce have voted to make it a top priority.
It was moved by _______________ and seconded by _______________, that the minutes of the November 11, 2021 Health Affairs Committee meeting, held in conjunction with the November 18, 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 ________________.
Recommended Action – Resolution for Executive Session of the Board of Curators Health Affairs Committee Meeting, January 27, 2022

It was moved by _________ and seconded by ___________, that there shall be an executive session with a closed record and closed vote of the Board of Curators Health Affairs Committee meeting January 27, 2022 for consideration of:

- **Section 610.021(1), RSMo**, relating to matters identified in that provision, which include legal actions, causes of action or litigation, and confidential or privileged communications with counsel; and

- **Section 610.021(2), RSMo**, relating to matters identified in that provision, which include leasing, purchase, or sale of real estate; and

- **Section 610.021(3), RSMo**, relating to matters identified in that provision, which include hiring, firing, disciplining, or promoting of particular employees; and

- **Section 610.021 (13), RSMo**, relating to matters identified in that provision, which include individually identifiable personnel records, performance ratings, or records pertaining to employees or applicants for employment; and

- **Section 610.021(14), RSMo**, relating to matters identified in that provision, which include records which are protected from disclosure by law; and

- **Section 610.021(20), RSMo**, relating to matters identified in that provision, which include records that identify the configuration of components or the operation of a computer, computer system, computer network, or telecommunication network, and would allow unauthorized access to or unlawful disruption of a computer system.

Roll call vote of the Committee: 

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

Mr. Ashworth  
Curator Graham  
Curator Holloway  
Mr. Phillips  
Curator Wenneker  
Curator Williams

The motion ________________.