AGENDA

HEALTH AFFAIRS COMMITTEE MEETING – Public Session

2:00 P.M. Call to Order

Action
1. Resolution, Executive Session of the Board of Curators Health Affairs Committee Meeting

2:05 P.M. HEALTH AFFAIRS COMMITTEE MEETING – EXECUTIVE SESSION (time is approximate)

The Board of Curators will hold an executive session of the Health Affairs Committee meeting on November 5, 2018, pursuant to Section 610.021(1), 610.021(2), 610.021(3), 610.021(12), 610.021(13) and 610.021(14) RSMo, for consideration of certain confidential or privileged communications with university counsel, property, personnel, contract items and records protected from disclosure by law, as authorized by law and upon approval by resolution of the Board of Curators Health Affairs Committee.

3:30 P.M. Reconvene Public Session (time is approximate)

Information
1. Quarterly Financial Report (Mike Blair)
2. Quarterly Compliance Report (Jennifer May)
3. MU Health Care CEO Update (Jonathan Curtright)

Action
2. Approval of Minutes, September 10 & 20 and October 3, 2018
3. Adjourn, Health Affairs Committee Meeting
Recommended Action – Resolution for Executive Session of the Board of Curators Health Affairs Committee Meeting, November 5, 2018

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 November 5, 2018 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(12), RSMo**, relating to matters identified in that provision, which include sealed bids and related documents and sealed proposals and related documents or documents related to a negotiated contract; 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.

Roll call vote of the Committee: 

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
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<tbody>
<tr>
<td>Mr. Ashworth</td>
<td>Curator Graham</td>
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<tr>
<td>Curator Graham</td>
<td>Ms. Maledy</td>
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<tr>
<td>Curator Maledy</td>
<td>Curator Phillips</td>
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<td>Curator Phillips</td>
<td>Curator Snowden</td>
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<td>Curator Snowden</td>
<td>Curator Sundvold</td>
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</tbody>
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The motion ________________.

November 5, 2018

OPEN – HEALTH AFF – 1-1
Patient utilization – average daily census

- Average Daily Census was 1.7% higher than plan and 2.2% higher than prior year
- All four hospitals experienced an increase in census as compared to plan and prior year
- Patient acuity decreased slightly compared to plan and prior year
Patient utilization – surgeries

- Total surgeries were 1.5% higher than plan and 2.7% higher than prior year
- The mix of outpatient surgeries to total surgeries decreased, contrary to industry and historical trends
Patient utilization – clinic visits

- Clinic visits were 1.4% higher than plan and 7.5% higher than prior year
- The growth in clinic visits as compared to prior year reflects initiatives to increase access to primary care, quick/urgent care and certain specialties
Financial results – first quarter

- Total operating revenue of $262.8M was 2.7% higher than plan and 7.0% higher than prior year, $245.5M
- Operating income of $23.0M was $1.3M favorable to plan with an operating margin of 8.7%
Financial results – variance to plan

- Higher operating income as compared to plan was driven by higher patient utilization and deferred discretionary spending, reduced by unfavorable payer reimbursements.
Financial results – ratios and benchmarks

- Ratios and benchmarks compare favorably to Moody’s A rated medians

<table>
<thead>
<tr>
<th>Actual</th>
<th>Plan</th>
<th>Consolidated Financial Results</th>
<th>Prior Year</th>
<th>FY19 Annual Plan</th>
<th>Moody’s A Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td>($000’S)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$262,838</td>
<td>$256,008</td>
<td>Total Operating Revenue</td>
<td>$245,531</td>
<td>$1,012,800</td>
<td></td>
</tr>
<tr>
<td>(239,864)</td>
<td>(234,276)</td>
<td>Operating Expenses</td>
<td>(220,166)</td>
<td>939,400</td>
<td></td>
</tr>
<tr>
<td>22,974</td>
<td>21,732</td>
<td>Operating Income</td>
<td>25,365</td>
<td>73,400</td>
<td></td>
</tr>
<tr>
<td>(6,111)</td>
<td>(6,497)</td>
<td>Non-operating Expenses, Net</td>
<td>(922)</td>
<td>(25,800)</td>
<td></td>
</tr>
<tr>
<td>$16,863</td>
<td>$15,235</td>
<td>Change in Net Assets</td>
<td>$24,443</td>
<td>$47,600</td>
<td></td>
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</tbody>
</table>

Financial Ratios and Benchmarks

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Plan</th>
<th>Margin Percent</th>
<th>FY19 Annual Plan</th>
<th>Moody’s A Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.7%</td>
<td>8.5%</td>
<td>10.3%</td>
<td>7.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td></td>
<td>5.5%</td>
<td>3.9%</td>
<td>8.3%</td>
<td>3.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Cash to Total Debt</td>
<td>185.5%</td>
<td>176.9%</td>
<td>165.1%</td>
<td>190.5%</td>
<td>132.8%</td>
</tr>
<tr>
<td>Debt to Capitalization</td>
<td>27.0%</td>
<td>26.8%</td>
<td>29.6%</td>
<td>25.5%</td>
<td>32.9%</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage</td>
<td>4.8</td>
<td>4.1</td>
<td>6.1</td>
<td>4.1</td>
<td>4.7</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>217.2</td>
<td>212.6</td>
<td>220.7</td>
<td>218.6</td>
<td>226.5</td>
</tr>
<tr>
<td>Net Days Revenue in AR</td>
<td>51.7</td>
<td>50.0</td>
<td>48.1</td>
<td>50.0</td>
<td>48.4</td>
</tr>
</tbody>
</table>
Health Affairs Committee Compliance Update

November 5, 2018
• No comments received on RP2 Annual Report
• Repaid extrapolation from Claims Review
  – RP3 Claims Review facility list and selection will occur in Spring 2019
Elements of the MU Health Compliance Program

Organized in accordance with the seven elements outlined by the DHHS OIG for effective compliance programs

1. Designate a compliance officer and compliance committees
2. Develop written compliance plans, policies, and standards of conduct
3. Monitor and audit compliance risk areas
4. Develop open lines of communication
5. Implement education and training
6. Enforce disciplinary standards
7. Respond to detected deficiencies
Visualizing Effective Compliance

Compliance Officer & Committee
- Enforce Standards
- Respond to Deficiencies

Written Policies & Procedures

Open Communication

Training & Education

Monitoring & Auditing
Operationalizing Effective Compliance

Lead & Organize

Address Concerns

Innovate & Improve

Set Expectations

Share Lessons Learned

Train & Educate

Review & Assess
• Work Plan Status
  – ~5 “ad hoc” requests/month
    • not included in work plan figures

• Current Efforts
  – Supporting Pharmacy 340B HRSA Audit
  – Analyzing Coding & Billing Quality Data from UP Accuracy Vendor
  – Regulatory Change Management
  – Revising all OCC publications
  – Policy Development Projects
    • Ex: Chaperones; Therapy Animals; Visitors

COMPLIANCE PROGRAM UPDATE

25% • Completed
41% • In Flight
  8 • Recurring Audits
  9 • New Additions
• Sean Rivera, MU Health Information Security Officer

• Information Security is:
  – Processes and methodologies designed and implemented to protect print, electronic, or any other form of confidential, private and sensitive information or data from unauthorized access, use, misuse, disclosure, destruction, modification, or disruption
  – In short, preserve the **Confidentiality**, **Integrity**, and **Availability** of data
INFORMATION SECURITY PROGRAM UPDATE

NEWS
Third-party vendor error exposes data of 19K patients for 2 months
by Jessica Davis | August 02, 2018

Orlando Orthopaedic's transcriptionist vendor misconfigured access to a database during a software upgrade. The health center waited.
Why is Healthcare Data So Valuable?

Financial data has a finite lifespan because it becomes worthless the second the customer detects the fraud and cancels the card or account. Most forums for such data have a high enough surplus of stolen payment cards that they have fire sales.

But information contained in healthcare records has a much longer shelf life and is rich enough for identity theft. Social Security numbers can’t easily be cancelled, and medical and prescription records are permanent. There’s also a large market for health insurance fraud and abuse, which may be more lucrative than simply selling the records outright in forums.
Program Accomplishments to date:
• Revised Information Security Program Policy
• Established Information Security Advisory Council
• Adopted Critical Security Controls
• High-Level risk assessment
• Increased cyber security posture with tools in place
• Started education and awareness efforts
• Daily Activities include:
  – policy and procedure ownership
  – procurement reviews
  – incident tracking
Office of Corporate Compliance Staffing Updates

- Retired: Tina Adams-Salter, System Privacy Officer
  - System Privacy Officer provides oversight and direction of the MU Health privacy program; HIPAA rules compliance and enforcement; Privacy education and training; Assess privacy risks and coordinate organization-wide protections for our patients' protected health information
  - Recruitment in process
WHERE WE’RE GOING TODAY

• Leadership updates
• Investing in the community
• Tiger Institute expansion
• Growth and physician affiliations
MISSION
To save and improve lives.

VISION
We will be Missouri’s premier academic health system.
LEADERSHIP UPDATES

• Stephen Keithahn, MD, named chief wellness officer of MU Health Care, MU School of Medicine; will lead creation of Office of Physician Well-being

• Tina Adams-Salter, JD, LLM, retiring as system privacy officer
MU HEALTH CARE LEADERSHIP CYCLE

1. Annual strategic plan
2. Quarterly strategic executive retreats
3. QORs for key service lines
4. Monthly financial performance meetings
INVESTING IN THE COMMUNITY

- Sponsoring new YMCA building in Ashland
- Mizzou Therapy Services location
- Improving access to health services
Confronting challenges through collaborative research, training and service.

Sept. 28 gala raised $381K to support programs, patients and families.

- 13,000+ patient visits annually.
- 15+ collaborations with academic units.
- 3,000+ subjects in the research database.
• Extending EHR to Lake Regional clinics
• Long-term plans include inpatient, revenue cycle
• Second extension this year: Capital Region Medical Center announced in May
• Recognized by College of Healthcare Information Management Executives

• Eighth straight year as a “Most Wired” health system
GROWTH AND PHYSICIAN AFFILIATIONS - ENT

ELIZABETH ‘SUSIE’ EARLY

GREGORY CAMPBELL

DAVID MECHLIN

OPEN –HEALTH AFF –INFO 3–10
Diligence discussions continue with SSM Health
EMERGENCY DEPARTMENT EXPANSION

16 YEARS
Age of original E.R.

18
Additional Exam Rooms

16,964
Renovated and added Square Feet

10
New Fast-track Exam Rooms

ROOM TO GROW

Before expansion:
Approximately
1,750 VISITS
per room in FY18

After expansion:
Expect approximately
1,200 VISITS
per room

National average:
Approximately 1,400 VISITS per room

1 New Triage Area

New size of E.R.
27,307 Square Feet

Size of original E.R.
14,399 Square Feet

Expansion size
12,908 Square Feet
Recommended Action - Minutes, September 10 & 20 and October 3, 2018
Health Affairs Committee Meetings

It was moved by _______________ and seconded by _______________, that the
minutes of the September 10 & 20 and October 3, 2018 Health Affairs Committee
meetings be approved as presented.

Roll call vote of Committee:

YES    NO

Mr. Ashworth
Curator Graham
Ms. Maledy
Curator Phillips
Curator Snowden
Curator Sundvold

The motion ________________.

November 5, 2018

OPEN – HEALTH AFF – 2-1
Recommended Action - Adjourn the Health Affairs Committee Meeting

It was moved by __________ and seconded by __________, that the meeting of the Board of Curators Health Affairs Committee, November 5, 2018, be adjourned.

Roll call vote of the Committee: YES NO

Mr. Ashworth
Curator Graham
Ms. Maledy
Curator Phillips
Curator Snowden
Curator Sundvold

The motion ________________.

Time: ________________________ Date: ________________________

November 5, 2018