

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

Minutes of Board of Directors Meeting

June 9, 2004

PRESENT: Mr. Steil (Chair), Mr. Amato, Ms. Booth, Mr. Boyle, Mr. Choudoir, Dean May, Mr. Mohs, Ms. Palmer, and Ms. Rosenzweig

EXCUSED: Sen. Darling, Dean Farrell, Mr. Marotta, Dr. Ridders, Rep. Ward, and Chancellor Wiley

LIAISONS: Mr. Axtell, Dr. Perlman, and Ms. Sollenberger

STAFF: Ms. Andrews, Ms. Barnett, Mr. Berry, Ms. Brei, Ms. Bultema, Mr. Dassenko, Mr. Eiler, Mr. Entwistle, Dr. Getto, Mr. Hamilton, Mr. Houtakker, Ms. Maroney, Dr. McCausland, Mr. Miller, Ms. Rizzo, Mr. Roberts, Mr. Thielke, and Mr. Wilkerson

GUESTS: Mr. Bolton and Mr. Ridley

1. Call to Order

Mr. Steil, Chair, opened the meeting of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority at 2:05 p.m. A quorum was present.

2. Recognition

Ms. Sollenberger read a resolution recognizing Frederic E. Mohs for his service on the Board of Directors. She presented him with a plaque and a photograph as tokens of appreciation. The Board gave him a standing ovation. He responded that it had been a great honor and pleasure to be a part of the Board.

Ms. Sollenberger read a resolution recognizing George K. Steil, Sr., for his leadership of the Board of Directors. She presented him with a plaque and a photograph as tokens of appreciation. The Board gave him a standing ovation. He responded by describing some of the history of the Authority and how it had enabled the hospital to successfully compete in the manner that was envisioned. He thanked many individuals for their service to the Authority. He commented on how the hospital was a different and better organization under the leadership of Ms. Sollenberger. He concluded by saying that it been a pleasure to work with all associated with the hospital.

The attached resolutions (Attachments 1 and 2) were unanimously adopted.

3. Approval of Minutes of May 5, 2004, Authority Board Meeting

Mr. Mohs moved approval of the minutes of the May 5, 2004, meeting. Mr. Amato seconded the motion and it passed unanimously.

4. Review and Approval of Medical Staff Membership and Clinical Privileges

Dr. Perlman presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Mr. Boyle moved approval of the Medical Board recommendations. Mr. Amato seconded the motion and it passed unanimously.

Mr. Steil recognized Dr. Perlman for his service as President of the Medical Staff. He presented him with a plaque. Dr. Perlman responded that he had been on the medical staff since 1980 and that it had been a honor to serve as president for the past two years. The Vice President of the Medical Staff, Dr. Gregg Heatley, will become the President on July 1.

5. Appointment of Clinical Chairs

Ms. Sollenberger presented the proposed chiefs of the clinical services for the next year (Attachment 3). Mr. Amato moved approval. Dean May seconded the motion and it passed unanimously.

6. CEO Report

Ms. Sollenberger presented the CEO report.

The Department of Health Human Services awarded UWHC a certificate for the Gift of Life donation initiative. This was awarded to the hospital for achieving an outstanding 75% donation conversion rate. This recognition is a credit to the UWHC Organ Procurement Organization (OPO) and the staff who talk with the families.

Service Volume. Activity during April was somewhat unusual. Admissions were below budget, while patient days were close to budget. Intensive care days were below budget. Medical patients were down, while surgical patients were up. Emergency Department admissions were lower. Clinic visits were still growing.

Operating Results. There was a net gain from operations of \$2.7 million due in part to expense adjustments. Revenues in excess of expenses totaled \$3.8

million due in part to contributions. Unrealized losses on investments brought the total net income to \$3.1 million. Net income from operations and other revenue for the first eight months of the fiscal year was \$25.9 million. With unrealized gains, total net income for the first eight months was \$30.9 million.

7. Review of FY05 Capital and Operating Budget

Mr. Sollenberger explained that the presentation was structured to present as much as possible in open session. She described the process that was used to construct the budget and the difficulties encountered. She thanked the directors for their good work in developing the budget. She reviewed the goals that were used to structure the budget.

She described some of the environmental factors. She reviewed the revenue declines in Medicare and Medicaid and continuing problems with local contracts. Some of the areas of rising expense were reviewed, including pharmacy, surgical supplies, health insurance premiums and wages. She reviewed areas in which investments are planned, including nursing, information systems, Children's Hospital, and an ambulatory surgery center. The budget represented a strong investment in employees and infrastructure. It is true to the multiple missions of the Authority.

Mr. Eiler explained that the Finance Committee had fully reviewed the budget and recommends approval. He explained some of the points in the budget.

Ms. Rizzo described the capital budgeting process. Mr. Eiler reviewed the proposed 2004 bond issue and changes in the planned uses of the funds. Mr. Eiler reviewed the projected profit and loss and key financial ratios. Mr. Entwistle reviewed the budget by service line, commenting on the transplant, neuroscience, heart and vascular service, oncology and pediatrics service lines. Mr. Eiler reviewed the projected payer mix and the projected results with each type of payer. He also reviewed educational expenses under the affiliation agreement. Mr. Thielke reviewed the savings in pharmacy.

Mr. Eiler discussed investments and the proposal to continue to limit spending from investment income to 4.5% per year and to increase the limit on investment in equities from 20% to 35%.

8. Closed Session

There being no other matters for the open session, Mr. Steil proposed to take the meeting into closed session as previously announced. He announced that the purpose for the closed session was for the discussion of strategic planning and financial matters, including budgetary and insurance transaction matters, which for competitive reasons require a closed session, as provided in section 19.85(1)(e), Wis. Stat.; and to consider employment or performance evaluation of

public employees as provided in section 18.85(1)(c), Wis. Stat. Ms. Rosenzweig moved that the Board enter closed session. Mr. Mohs seconded the motion. The motion passed with a unanimous roll call vote. The following members voted for the motion: Mr. Steil (Chair), Mr. Amato, Mr. Boyle, Dean May, Mr. Mohs, Ms. Palmer, and Ms. Rosenzweig. Ms. Booth and Mr. Choudoir are non-voting members.

Mr. Boyle moved a resolution concerning the Unity interests. Dean May seconded the motion and it passed unanimously.

No other action was taken in the closed session.

9. Approval of FY05 Capital and Operating Budget and Rate Increase

As previously announced, the Board resumed open session. Mr. Mohs moved approval of the FY 05 Capital and Operating Budget and Rate Increase. Dean May second the motion (Attachment 4) and it passed unanimously.

There being no further business, the Board adjourned at 5:00 p.m.

Respectfully Submitted,

James M. Roberts, Secretary

**RESOLUTION OF BOARD OF DIRECTORS OF THE UNIVERSITY OF
WISCONSIN HOSPITALS AND CLINICS AUTHORITY IN RECOGNITION OF
THE SERVICE OF FREDERIC E. MOHS**

June 9, 2004

WHEREAS, Frederic E. Mohs has faithfully served as a member of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority (UWHCA) since its inception; and

WHEREAS, Frederic E. Mohs has provided exemplary leadership and strategic guidance through his participation on the Board of Directors of UWHC which has assisted UWHC in creating and maintaining a strong position as an academic health center, despite the many challenges presented by the healthcare industry; and

WHEREAS, Frederic E. Mohs has served faithfully on the Performance Improvement Risk Management and Safety Committee of the UWHCA Board, most recently as its Chair, and has tirelessly promoted the safe and effective care of patients; and

WHEREAS, Frederic E. Mohs has been a true advocate for the employees of UW Hospitals and Clinics; and

WHEREAS, Frederic E. Mohs has served as a trusted advisor to the President and CEO of the University of Wisconsin Hospitals and Clinics;

NOW THEREFORE BE IT RESOLVED that the Board of Directors and the management of the University of Wisconsin Hospitals and Clinics Authority extend a heartfelt thanks to Frederic E. Mohs for his tireless work on behalf of patients and employees of UWHC, as well as deep appreciation for his spirit of volunteerism which will serve the UW Hospitals and Clinics well in the years to come.

On behalf of the UW Hospitals and Clinics Authority Board of Directors:

George K. Steil, Sr.
Chair, UW Hospitals and Clinics Authority Board

On behalf of the UW Hospitals and Clinics Management:

Donna K. Sollenberger
President and CEO

RESOLUTION OF THE BOARD OF DIRECTORS OF THE UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY IN RECOGNITION OF THE SERVICE OF GEORGE K. STEIL, SR.

June 9, 2004

WHEREAS, George K. Steil, Sr., current Chair of the UW Hospitals and Clinics Authority Board, has served faithfully as a member of the Board of Directors of the University of Wisconsin Hospitals and Clinics Authority (UWHCA) since its inception in 1995; and

WHEREAS, George K. Steil, Sr., has provided strategic guidance, exceptional leadership and extraordinary support to UWHC through his participation and leadership positions on the UWHCA Board, including serving as the Vice Chair of the Board from 1995-2002 and most recently as Chair from July 2002-June 2004; and

WHEREAS, George K. Steil, Sr., has guided the UW Hospitals and Clinics in a manner that has assured its strong position as an academic health center despite the volatile healthcare industry; and

WHEREAS, George K. Steil, Sr., has served as a trusted advisor to the President and CEO of the University of Wisconsin Hospitals and Clinics and for many years to Frank Pelisek, former Chair of the UW Hospitals and Clinics Authority Board;

NOW THEREFORE BE IT RESOLVED that the Board of Directors and the management of the University of Wisconsin Hospitals and Clinics Authority extends its heartfelt thanks to and deepest appreciation for the tireless efforts made on behalf of the Authority and UWHC employees and patients, and for Mr. Steil's leadership which will serve the organization well for many years to come.

By the Executive Committee on behalf of the UWHC Authority Board:

Patrick Boyle
Vice Chair, UWHC Authority Board

Philip Farrell, MD
Dean, UW Medical School
Chair, UWHCA Board Executive Committee

Layton F. Ridders, MD
A.R. Curreri Professor & Chair
Department of Surgery

John Wiley, PhD
Chancellor, UW-Madison

On behalf of the UW Hospitals and Clinics Management:

Donna K. Sollenberger
President & CEO

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
June 9, 2004**

Pursuant to Article XII, Section 2 of the Medical Staff Bylaws, the Board of Directors hereby reappoints the following individuals as chiefs of the indicated clinical services for a one year term from July 1, 2004 through June 30, 2005.

UWHC Clinical Service Chiefs

Anesthesiology	Susan Goelzer, M.D.
Dermatology	Gary Wood, M.D.
Family Medicine	John Frey, M.D.
Human Oncology	Minesh Mehta, M.D.
Medicine	Jeffrey Glassroth, M.D.
Neurological Surgery	Robert Dempsey, M.D.
Neurology	Thomas Sutula, M.D., Ph.D.
Obstetrics & Gynecology	Douglas Laube, M.D.
Ophthalmology	Thomas Stevens, M.D.
Orthopedics & Rehabilitation	Thomas Zdeblick M.D.
Pathology & Laboratory Medicine	Michael Hart, M.D.
Pediatrics	Chris Green, M.D.
Psychiatry	Ned Kalin, M.D.
Radiology	Patrick Turski, M.D.
Surgery	Layton Ridders, M.D.