

UNIVERSITY OF WASHINGTON

UW MEDICINE BOARD
Report to the
UW BOARD OF REGENTS

INTRODUCTION

This report provides the University of Washington Board of Regents with an overview of the activities of the UW Medicine Board for fiscal year July 1, 2003 through June 30, 2004.

Ann Ramsay-Jenkins, Board Chair submits this report to fulfill the requirement contained in the UW Medicine Board Bylaws, Article II, Section 2.2, which states that, “*the chairperson of the board shall make an annual report to the Board of Regents.*”

OVERVIEW

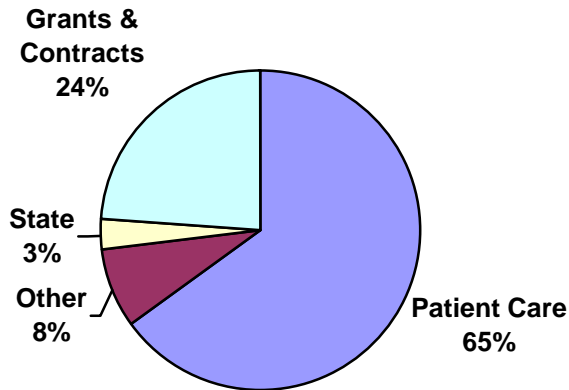
UW Medicine includes the:

- University of Washington School of Medicine (UWSOM);
- University of Washington Medical Center (UWMC);
- Harborview Medical Center (Harborview);
- University of Washington Physicians (UWP);
- UW Physicians Network (UWPN);
- The University’s membership in the Children’s University Medical Group (CUMG); and
- The University’s membership in the Seattle Cancer Care Alliance (SCCA).

The Board is responsible for advising the Vice President for Medical Affairs/Dean of the School of Medicine (VPMA/Dean) regarding the operation and governance of those aspects of UW Medicine relating to the development and strategic allocation of resources, strategic aspects of academic programs, the planning and delivery of medical services, and the management of current and future extramural affiliations and operating agreements executed by the University with Harborview, the SCCA, and UWPN. The Board is also charged with governance of the patient care activities of UWMC.

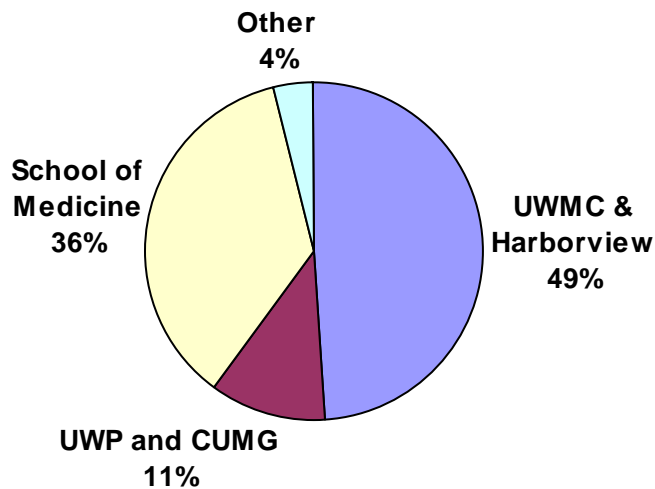
UW Medicine revenues were approximately \$1.8 billion in FY 2004. The following charts summarize the sources of financial support for UW Medicine and provide a context for the report that follows.

Fiscal Year 2004 – by source



(Other includes support from Wyoming, Alaska, Montana and Idaho, revenue from endowments and gifts, and cost centers.)

Fiscal Year 2004 – by entity



(Other includes UWPN, Airlift Northwest, SCCA (one-third interest), and the Consolidated Laundry.)

HIGHLIGHTS

ACCOMPLISHMENTS

There have been many significant accomplishments and events at UW Medicine during the past year. The following paragraphs provide a summary of some of the highlights.

The Surgery Pavilion at UWMC opened in October, adding substantial clinic, OR, and parking capacity. The 175,000 square foot Pavilion is the most modern facility of its kind and will set the standard for outpatient surgical care in the region. The Pavilion will house eleven state-of-the-art surgical suites and a number of clinical centers including the Digestive Disease Center, Prostate Center, and Women's Urology.

Harborview opened the Patricia Bracelin Steel Memorial Building in June, adding 156,000 square feet for administrative, research and clinic activities. Harborview is also initiating work in 2004 on the \$263 million bond project that will add new inpatient and outpatient buildings and seismically stabilize the old hospital wing. In total, the bond project will add 450,000 square feet of space at Harborview. The projects will accommodate anticipated growth in demand for hospital and clinic services at both medical centers - in particular growth in the areas of ambulatory surgery and short stay inpatient care.

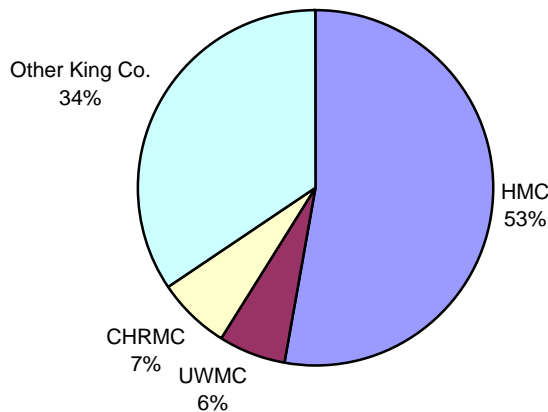
Ground was broken on the William Foege Building (Bioengineering/Genome Sciences) on the South campus, and Phase I of UW Medicine at Lake Union was launched in September 2003 and the research facility at 815 Mercer Street is expected to open in January 2005. Four major programs – Regenerative Medicine, Women's Health, Proteomics and Inflammation – will occupy the Lake Union Phase I space. Together, these projects represent a 1.1 million square foot increase in research space and will have a major impact on the local and regional economy. UW Medicine is working with the central administration to assess the feasibility of exercising the option on Phase II of the South Lake Union project. We anticipate that our analysis and recommendations will be presented to the Regents by March 2005.

US News and World Report continued to recognize the excellence of our teaching, research, and patient care programs. For the eleventh consecutive year, the School of Medicine was ranked as the best medical school for primary care in the nation, and second among all medical schools in NIH research funding based on FY 2003 grant awards. The School's teaching programs were also ranked among the top ten in 7 of the 8 specialties ranked. UWMC was ranked as the ninth best hospital in the country (top 1%) and the orthopaedic and rehabilitation medicine programs at Harborview were also ranked among the best in the nation. University of Washington Medical Center has been recertified as a "Magnet Hospital" by the American Nurses Credentialing Center for its excellence in nursing care. UW Medical Center is one of only 50 hospitals in the nation and the only one in Washington to receive this honor.

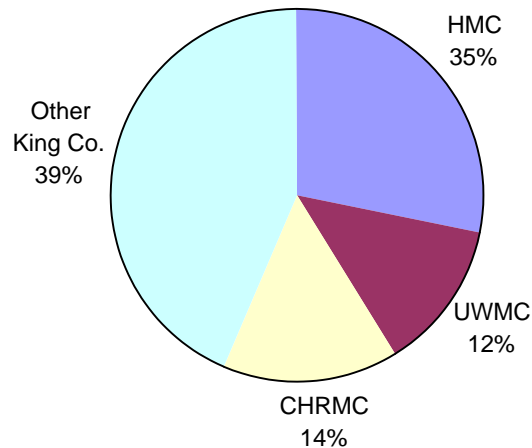
There are a number of major management and operations improvements underway in the medical centers and clinics. The first phases of the electronic medical record project (ORCA – Online Record of Clinical Activity) went live in September 2003. There have been some technical and change management difficulties in this project, and Medical Centers Information Systems commissioned a comprehensive risk assessment of the project. As a result of the assessment, project management is being strengthened; the implementation schedule is being revised to ensure that the expectations of our faculty and staff can be met; and discussions have begun with the vendor (Cerner) to seek compensation for some of the design shortcomings. This is a vital project to UW Medicine as an electronic medical record system is one of the patient safety benchmarks that medical centers are expected to meet. We also launched a major project to enhance revenue, improve billing accuracy and financial performance, and enhance patient and insurer satisfaction with our billing process. This effort encompasses the entire revenue cycle, from patient registration through collection of charges from third parties and patients at both UWMC and Harborview. The project is anticipated to generate significant revenue increases (estimated to be in the range of \$20 million per year) and is expected to be complete in FY05.

UW Medicine continues to be a vital part of the safety net for uninsured and underinsured patients in our community as illustrated by the following charts.

**Hospital-based charity care
King County 2002**



Hospital-based Medicaid services King County - 2002



There is growing pressure on our medical centers and physicians to provide an increasing share of care to the uninsured and underinsured as more private physicians and hospitals reduce their commitment to the underserved. This issue is discussed under “Challenges” below.

Compliance with federal, state, and University policies and laws is a top priority of UW Medicine. The compliance offices of UWMC, Harborview, UWP, and UWPN are fully operational with 25 individuals currently working full-time on compliance matters – training, monitoring, auditing, and addressing emerging issues. The UW Medicine Board’s Compliance Committee meets monthly to review compliance issues. The Committee receives quarterly status reports from each of the UW Medicine organizations. The School of Medicine has added a clinical research compliance officer and each medical center has designated specific compliance staff with responsibility for clinical research compliance. A more extensive discussion of compliance is included below.

DEVELOPMENT

The number of donors to UW Medicine increased by 21 percent during the fiscal year, from 12,950 to 15,680. UW Medicine booked \$85.9 million in gifts, pledges and private grants towards a campaign goal of \$1 billion, ending the fiscal year with \$426.2 million. UW Medicine’s campaign is chaired by Regent Jeff Brotman.

In October 2003, UWMC hosted a grand opening of the new Surgery Pavilion, offering opportunities for guests to use the new high tech surgical tools. The event was co-chaired by Charlotte Guyman, Janet Ketcham and Pat Stanford. The February 2004 Harborview Gala was co-chaired by Chap and Eve Alvord and featured the inaugural presentation of the Mission of Caring Award to Drs. Michael Copass and Len Cobb. The Alvord family has endowed the

award. For the first time this fiscal year, the UW Medicine Alumni Association presented stethoscopes to first-year medical students at their Family Day celebration in September 2003.

COMPLIANCE

UW Medicine continued to strengthen its compliance programs. All UW Medicine component units have adopted codes of conduct establishing clear expectations of adherence to regulatory requirements, and reinforcing that individuals are encouraged—and have a duty—to raise compliance related concerns, and will be protected against any retaliation for doing so. Board-level Compliance Committees with trustee/senior faculty leadership were established by UWP and CUMG, to be actively involved in helping address physician education/training, coding, billing, documentation and other compliance issues. Both UWP and CUMG approved major funding increases for enhanced compliance efforts in their budgets. Compliance-related funding for the two plans is now approximately \$ 4 million per year.

The focus of compliance management has expanded from compliance with billing regulations to include HIPAA, research program compliance, faculty effort reporting and graduate medical education. The training and education programs have reached virtually every employee of UW Medicine and have been integrated into the routine calendar of events at each of the organizations. In addition to training and education, the compliance offices conduct planned audits and respond to concerns and questions raised by faculty and staff. Anonymous hot lines are available in each organization, but the majority of concerns and questions come through direct inquiry.

UW Physicians (UWP) and Children's University Medical Group (CUMG) reached a settlement in the civil case involving physician billing. Both the criminal and civil phases of this investigation are now closed. The settlement required a \$35 million payment to the federal government and Washington state. In addition to UWP and CUMG, UWMC, Children's Hospital and Regional Medical Center, and the School of Medicine participated in funding the settlement in order to mitigate the potential adverse impacts on physician retention and recruitment. UWP and CUMG entered into a Corporate Integrity Agreement (CIA) with the federal government as part of the settlement (discussed below).

UWP and CUMG are operating under the terms of a Corporate Integrity Agreement (CIA) that was a part of the settlement with the federal and state government. The CIA is for a five-year period and requires extensive training, auditing and reporting. The first requirement under the CIA was to conduct mandatory training of all physicians and staff within 120 days of the signing of the CIA (April 30, 2004). UWP and CUMG achieved 100% compliance with this requirement.

CHALLENGES

Access to medical care is a serious challenge for the uninsured and underinsured. Many private physicians are now refusing to accept new Medicare and Medicaid patients due to low reimbursement levels. This, in turn, reduces the amount of hospital care provided by private hospitals to underinsured and uninsured patients. UW Medicine is, by far, the major provider of care to the underinsured and uninsured patients in the State. UWMC and Harborview have experienced material increases in the percentage of patients with limited or no insurance and those insured under the state's Medical Assistance Programs, placing additional stress on the finances of the medical centers and UW Physicians. In addition, the increased demand from these populations is stressing the capacity of both medical centers with occupancy levels frequently in excess of 100%. UW Medicine is working through the Washington State Hospital Association and various community coalitions to encourage hospitals and physicians to recognize how important it is for all providers to meet their social obligation to provide a fair share of care to the underserved. UWMC and HMC have also implemented systems and procedures to ensure that, despite the high demand, all patients requiring immediate care are seen. These systems and procedures include fast track clinics to reduce pressure on the emergency department, discharging patients earlier in the day, and converting single rooms to double occupancy.

State funding for Medical Assistance programs remains a serious problem. General budget conditions (a projected \$1.7 billion budget deficit), combined with the specific pressures on Medical Assistance programs, create considerable concern. UW Medicine hospitals, clinics and physicians receive over \$225 million per year in payments from these programs. Medical Assistance programs will add over \$600 million to the state budget requirements just to maintain the current level of program eligibility and funding. In addition, the state faces changes in federal rules that will reduce or eliminate the State's ability to offset the cost of maintaining services to the developmentally disabled and mentally ill.

Regulatory compliance in academic medicine is a priority concern. We are responding to new compliance requirements such as the HIPAA security requirements, resident work hour limitations, and the National Coverage Decision affecting clinical trials billing. We have ramped up our training and auditing programs at UWP and CUMG to comply with the provisions of the Corporate Integrity Agreement (CIA). Meeting compliance requirements and responding to the cost pressures incumbent on all providers of health care – particularly those like UW Medicine who have a commitment to serve the underinsured and uninsured – will continue to present a significant challenge.

There has been a significant improvement in faculty compensation in the basic science departments, but faculty compensation in the clinical departments remains well below the Association of American Medical Colleges (AAMC) 50th percentile. Overall, faculty compensation in the clinical departments is at the 35th percentile of AAMC. Fortunately, faculty recruitments have been very successful during the past year despite the overall low compensation levels in the clinical departments.

STRATEGIC FOCUS

The UW Medicine Board continues to focus on the goals and strategies adopted in the 2002 clinical strategic plan. The five major areas of emphasis and a brief status report are included below.

- **Growth and development of the UW Medicine Regional Heart Center (RHC).** The RHC has shown strong growth in the cardiology service and volumes through expansion at UWMC and three community sites. We have initiated a collaborative cardiac surgery program at Harrison Memorial Hospital in Bremerton that is off to an excellent start. The major challenge is building cardiac surgery volumes at UWMC in the face of declining rates of surgical intervention in cardiac care and growth in the number of hospitals offering this service.
- **Strengthening the management and oversight of our third-party payer contracting efforts.** This area presents a growing challenge as purchasers and insurers strive to minimize rate increases to their customers and patients assume a greater level of financial responsibility. The resulting price-driven purchasing is particularly difficult for UW Medicine because of the additional costs we bear due to our teaching and training mission.
- **Managing our responsibilities to the uninsured and underinsured.** As noted above, the increase in the numbers and percentage of care provided to the underinsured and uninsured is affecting the finances of UW Medicine. We are working with regional coalitions to encourage all providers to bear their fair share of care for these disadvantaged populations. We are also developing access management programs that ensure that those in need of our services, regardless of ability to pay, have prompt access. At the same time, we are taking a stronger position with respect to inappropriate transfers from other medical centers and physicians when the care needs of the patient can be met by those providers.
- **Improved joint planning and resource allocation for major programs that cross-departmental and institutional boundaries.** We have strengthened our service line management approach at UWMC and centers of emphasis at Harborview. These programs are designed to reorient our patient care and management structures around the service (e.g., transplantation) as opposed to the traditional functional approach. The major information technology projects provide a major underpinning for these initiatives.
- **Strengthening our recruitment and retention of physician faculty, nurses, pharmacists and other key personnel.** We have enjoyed a very stable workforce in these critical areas, owing in part to the commitment to our mission and enrichment programs such as those underpinning the Magnet Nursing award referenced above.

These areas of emphasis address both how UW Medicine is positioned as a major provider of service in the region and the need to concentrate on effective management of our core clinical programs. They complement and supplement UW Medicine's ongoing efforts to improve patient access, safety and service.

The Board launched a comprehensive assessment of UW Medicine's long-range capital needs and capital formation requirements. The assessment will cover the clinical, academic, and research missions of UW Medicine. This will be done under the aegis of the Board's Planning Committee and we plan to report on the results of this assessment in our 2005 report to the Regents.

KEY STATISTICS & RESULTS

Total revenue for UW Medicine in FY 2004 is approximately \$1.8 billion. UW Medicine financial support comes predominantly from patient services revenues (65%) and research grants and contracts (24%). The following sections highlight the performance in each of these areas.

PATIENT CARE PROGRAMS

The patient care activity of UW Medicine remains very strong. The following tables summarize the clinical activity for the owned and managed components of UW Medicine.

Harborview Medical Center

Statistic	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Admissions	15,807	16,684	16,758	17,314	19,087
Short Stay Patients	3,063	2,968	3,876	4,938	4,249
Patient Days	111,456	117,234	124,449	125,408	131,355
Outpatient visits	205,129	202,228	200,809	207,833	221,413
Emergency visits	70,642	81,285	85,809	88,081	87,634
Average Length of Stay	7.0 days	7.0 days	7.3 days	7.4 days	6.9 days

UW Medical Center

Statistic	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Admissions	15,705	16,407	16,517	16,966	17,919
Patient Days	100,549	111,959	111,612	111,688	118,209
Outpatient visits	325,106	329,695	331,303	333,784	350,062
Emergency Visits	34,618	35,360	34,873	33,892	35,462
Average Length of Stay	6.4 days	6.8 days	6.8 days	6.6 days	6.6 days

UW Physicians Network

Statistic	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Clinic Visits	167,433	211,008	220,400	225,167	232,458
New Patients	26,083	27,405	21,610	17,970	18,377

Seattle Cancer Care Alliance

Statistic	FY 2001	FY 2002	FY 2003	FY 2004
Clinic Visits	12,508*	30,885	35,130	38,149
Admissions	198	352	365	372

*Clinic visits reflect only five months of operations in FY 2001. Inpatient admissions are for the SCCA 20 bed unit at UWMC and are included in the UWMC admissions total.

The following table summarizes net clinical revenue from patient services provided by UW Medicine medical centers and faculty physicians in FY 2004. This table does not include research grants and other funds received by the School of Medicine.

UW Medicine Organization	Net Patient Revenue
Harborview Medical Center	\$ 426,013,000
UW Medical Center	\$ 505,688,000
UW Physicians	\$ 152,800,000
Children's University Medical Group	\$ 33,832,000
SCCA (outpatient clinic only)*	\$ 99,520,000
Total	\$1,217,853,000

*Inpatient revenues for the SCCA 20 bed unit are included in the UWMC total.

Net income from operations was \$14,000 at Harborview and \$12,386,000 at UW Medical Center (2.3% of total revenue). UWMC's operating margin was affected by the costs associated with the opening of the Surgery Pavilion and by an increase in the percentage of uninsured and underinsured patients relative to fully insured patients. Harborview also experienced inpatient volume increases with the inpatient census averaging 98%, and frequently running in excess 100%. Reductions in the scope of coverage for state sponsored patients affected the operating results at Harborview. These data are compiled prior to the completion of the audit and do not reflect any post-closing or audit adjustments.

UWPN recorded a loss of \$6.4 million for the fiscal year ended June 30, 2004. This was \$1.1 million unfavorable to budget. The loss was attributable to lower than anticipated volume increases, coupled with a planned management services arrangement with UWMC that did not materialize. Visit volume was up over 7,000 visits from FY03, but was 7,500 visits below budget. Beginning in July 2004, we adopted a new arrangement for sharing the financial

subsidies required for UWPN. Harborview and UW Physicians will provide \$800,000 and \$200,000 respectively each year, and UWMC will bear the remaining financial risk. This is coupled with a plan to move significant administrative functions from UWPN to UWMC, thus reducing overhead costs.

The Seattle Cancer Care Alliance (SCCA) posted a positive operating margin of \$7,003,000 (5.1%) in FY 2004. This was substantially ahead of expectations. The positive operating results were driven by revenue resulting from higher than anticipated bone marrow transplant and outpatient volumes. Operating expenses were maintained at budgeted levels. The majority of the operating margin was derived from the outpatient program, but the inpatient program also posted a positive operating result. This is a reversal from prior years, reflecting the continued growth of the outpatient program and a stable inpatient program.

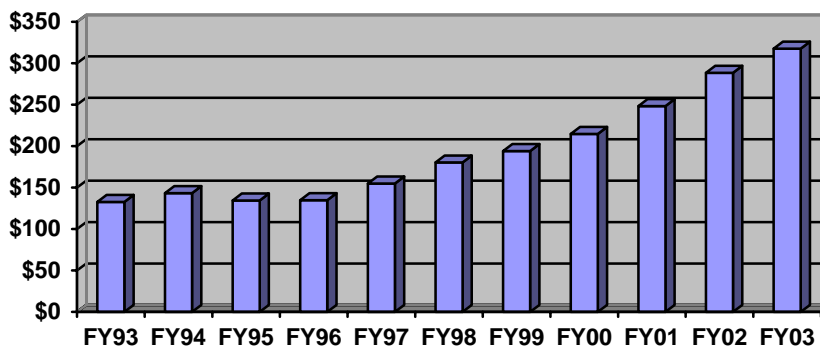
RESEARCH PROGRAMS

UW Medicine research continues to grow. UW Medicine awards through the University of Washington totaled \$451.1 million in FY 04, an increase of 6.5% over FY 03, and 47% of the total grant awards to the UW. Total awards to UW Medicine faculty in FY04 were greater than \$700 million.

NIH awards represent almost three-fourths of the total awards received by UW Medicine faculty. The following chart tracks the growth of NIH awards (managed by the UW) to UW Medicine faculty over the past 11 federal fiscal years (year ending September 30).

NIH Awards to UW Medicine Faculty at the UW
Average annual rate of increase: 9.1%

\$ in millions



There were, in federal fiscal year 2003, 1,049 separate NIH awards to 670 Principal Investigators. There are an estimated 1,031 regular and research faculty working on NIH research grants. In addition to NIH awards managed by the UW, School of Medicine faculty receive NIH awards that are managed by affiliated institutions (e.g., FHCRC, Children’s). Total

NIH awards to UW Medicine faculty in federal fiscal year 2003 were \$488.5 million and will exceed \$500 million in federal fiscal year 2004.

The balance of this report provides an abbreviated review of the work of the Board and its committees. Under UW Medicine Board bylaws, the Board, Executive Committee, Compliance Committee, and Planning Committee are UW Medicine-wide committees. The Joint Conference, Finance, and Facilities committees are UWMC-specific committees. The Board members have been diligent in the discharge of the responsibilities that have been delegated to them.

ATTACHMENT A

Board Meeting Attendance Roster

UW MEDICINE

BOARD ATTENDANCE RECORD

FISCAL YEAR 2003

	2003 ↓		2004 ↓										TOTAL
	6/2	8/4	9/8	10/13	11/3	12/1	1/5	2/2	3/1	4/5	5/3	6/7	
OKAMOTO, Chair	X	No	X	X	X	X	X	X	X	X	No	X	10
RAMSAY- JENKINS, Vice Chair	X	X	X	X	X	X	X	X	X	No	X	X	11
DICKEY	X												
GARVEY								X	No	No	X	X	3
GRINSTEIN	No	X	X	No	No	No	No	No	No	No	No	No	2
GUYMAN	X	No	X	X	X	No	X	No	X	X	No	No	7
HALLERAN						X	X	X	X	X	X	X	7
JOHNSON	No	No	No	No	No	No	No	No	X	X	No	X	3
MATHEWS	X	No	X	No	No	X	X	X	X	X	X	X	9
PINNT	No	No	X	No	X	X	X	X	X	X	X	X	9
RAGEN	X	X	X	X	X	X	X	X	X	X	X	X	12
SCHEUMANN	No	No	X	X	X	X	No	No	X	X	X	X	8
SMITH	X	X	No	No	X	No	X	No	No	No	X	X	6
STANFORD	X	No	X	X	X	X	X	X	X	X	X	X	11
VAN NESS	X	X	X	X	X	X	X	X	No	X	No	X	10
RAMSEY	X	X	X	X	X	X	X	X	X	X	X	X	12

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ATTACHMENT B

**Board Committee Purpose
and Areas of Emphasis**

EXECUTIVE COMMITTEE

Purpose as defined by Article IV, Section 4.2.1

The Executive Committee, as requested by the VPMA/Dean, shall review and provide strategic advice on issues for presentation to the Board and shall have the power to transact such business of the Board between regular meetings of the Board as the Board may hereafter authorize. All actions of the Executive Committee shall be reported to the full Board at its next regular meeting.

Membership

Dennis Okamoto, Chair, Brooks Ragen, Charlotte Guyman, Ann Ramsay-Jenkins, Paul Ramsey, M.D.

The Executive Committee focused on the Board's role in oversight of the overall financial status of UW Medicine.

The Committee revised the meeting plan and calendar for the full Board meeting and reviewed the committee work plans and priorities. They reviewed UWPN's business planning effort, research funding and indirect costs, consolidated financial results, Board succession plan, criteria for reporting compliance issues, settlement transaction, UW Medicine Board retreat, and faculty salaries.

PLANNING COMMITTEE

Purpose as defined by Article IV, Section 4.3.1

The Planning Committee shall be responsible for reviewing periodically the mission, programs and plans of UW Medicine in relation to the University and the community it serves. The Planning Committee is responsible for providing policy guidance for both immediate and long-range strategic and marketing plans of the entire UW Medicine, including the UWMC and Harborview and services jointly developed or shared with other health care providers. In conjunction with these planning functions, the Planning Committee is also responsible for advising the Board on the development and strategic allocation of UW Medicine resources.

Membership:

Ann Ramsay-Jenkins, Chair, Gerald Grinstein, Jonelle Johnson, Larry Pinnt, Brooks Ragen, Patricia Stanford, David McDonald, David Jaffe, Tom Norris, MD, Carlos Pellegrini, MD, Richard Veith, MD, Nancy Woods, PhD, Kathleen Sellick.

The Planning Committee received frequent updates on the implementation status of the strategic plan. The role of service lines and centers of emphasis are key strategies for growth management and resource allocation. These approaches are well established at both medical centers and increasing in importance. The ORCA, PEPP, billing and PACs systems are the key to success for

clinical operations support. Each of these systems are being implemented. The challenge with the UW Regional Heart Center is that cardiac surgery volumes are down. This is happening across the country because of the change of how cardiology services are handled. There are also some serious challenges for contracting and payer relations. The fundamental issue is that the separate nature of our finances makes it very difficult to come to an agreement that involves a different set of benefits and drawbacks for each individual group. We are backing away from the concept that we would make a unified decision with respect to major contracts. The Contracting and Payer Relations Committee as well as the Technical Advisory Group will continue to monitor this issue. The main issue of the public programs –policy and management, is how should UW Medicine deal with the growing financial burden of the underinsured and uninsured patients being cared for in our system. Three strategies have been identified: 1) center of emphasis at HMC, 2) public dialogue, 3) better management of financial exposure internally.

Throughout the year the committee received updates on the Task Force on the Uninsured and Underinsured, SCCA strategic planning process, contracting and payer relations and UW Medicine at South Lake Union.

COMPLIANCE COMMITTEE

Purpose as defined by Article IV, Section 4.4.1

The Compliance Committee shall be responsible for reviewing and evaluating the compliance programs of UW Medicine component entities. This review shall include receiving periodic reports on compliance activities of Harborview, the UWMC, UWP, CUMG, the UWPN, and the SCCA. The Compliance Committee shall be responsible for advising and making appropriate recommendations to the Board on the operation of UW Medicine compliance programs.

Membership:

Brooks Ragen, Chair, Dennis Okamoto, Larry Pinnt, William Van Ness, Paul Ramsey, MD

The Compliance Committee received an overview of the approach currently in use to assess the effectiveness of our compliance effort. They received status reports from the compliance officers at UWMC, HMC, UWPN, and UWP.

During the year the Committee received reports on the J-1 visa process, billing of investigational devises, pharmaceutical vendor issues, SCCA billing inquiries, OIG work plan, Corporate Integrity Agreement, use of human remains in teaching and research, dental billing and faculty effort reporting.

JOINT CONFERENCE COMMITTEE

Purpose as defined by Article V, Section 5.2.1

The Joint Conference Committee will serve as an advisory committee to the Board by providing a forum in which representatives of the Board, medical staff, and UWMC administration, shall jointly consider UWMC policy matters governing medical practice; review quality assurance reports. The Joint Conference Committee has the delegated authority from the Board to render decisions regarding approval of medical staff initial appointments, reappointments, additions to privileges, terminations, and other modifications to clinical privileges. The Joint Conference Committee shall present its actions to the Board for information purposes.

Membership:

Patricia Stanford, Chair, Norman Beauchamp, MD, Ernest Conrad, III, MD, Sylvia Mathews, Brooks Ragen, Richard Scheumann, William Van Ness, George Laramore, MD, Mika Sinanan, MD, Kathleen Sellick, Susan Grant, Ernest Weymuller, MD, Scott Sears, Edward Walker, MD.

During the past year the Joint Conference Committee met monthly to review and act on all medical staff appointments and reappointments, as prescribed by the Medical Staff and UW Medicine Board Bylaws and the standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

Throughout the year, the Committee reviewed UWMC's ability to execute hospital-wide operational objectives and monitored the organization's performance. The Committee received feedback on the patients' perspective of the health care services provided by UWMC through the National Research Corporation. The results are compared to regional and national benchmarks and provide valuable feedback for generating improvements. In the quest to continuously improve patient satisfaction, UWMC has identified patient and family education initiatives and system processes that positively influence outcomes. The medical center's risk management goals and objectives and claims experience activity were reviewed on a semi-annual basis.

The Committee monitored "Balanced Commitments" that was designed to provide quality services with maximum value to patients, ensure proper levels of financial performance, and increase the ability of faculty and staff to achieve and adapt to change in the organization.

The Committee had noteworthy discussions on the following topics:

- Ten steps to safer health care
- Rheumatology: past, present and the future
- Clinical outcomes and resource management
- Service integration update/patient satisfaction data review
- Epic consultation
- Pharmacy rapid process improvement project
- UW Medicine CV surgery program
- Congestive heart failure performance data

- Health care report cards
- Service line dashboards
- Effective and timely delivery of antibiotics
- JCAHO national patient safety goals
- Human Resources annual report

FINANCE COMMITTEE

Purpose as defined by Article V, Section 5.3.1

The Finance Committee shall be responsible for advising the Board on financial matters as they relate to the UWMC and its shared services, including reviewing the annual audit, annual budgets, and monthly financial reports. The Finance Committee shall also review programs, long-range financial plans, budget plans and proposals for rate-setting revenues, before they are submitted to the Board for final action.

Membership:

Charlotte Guyman, Chair, Jonelle Johnson, Orin Smith, Kathleen Sellick, Michael Garvey, Michael Halleran, Ph.D., Sylvia Mathews, Mika Sinanan, MD, Richard Veith, MD, Edward Walker, MD.

The Finance Committee met monthly to assure the effectiveness of UWMC and the UWMC-Roosevelt clinic in achieving operating objectives as defined in the annual budgets and program plans.

The Finance Committee monitored the UWMC's marketing and communication strategies in terms of community relations and increasing awareness and preference for services to fulfill its service and academic missions. The reputation for a high standard of care and the quality of the staff continue to attract patients from the surrounding region.

The UWMC Internal Auditor provided regular reports relative to:

- Ongoing independent appraisals of departments, systems and internal accounting;
- State audits; and
- Implementation of various internal controls to ensure compliance with policies, plans, procedures, laws and regulations.

The Finance Committee focused on factors that impact the medical center's revenue and expenditures.

The Finance Committee monitored the development of the fiscal year 2003 operating and capital budget. The major drivers to sustaining positive operating performance in fiscal year 2003 were volume increases, coupled with process improvements and efficiencies to offset increased cost of labor and supplies, such as drugs.

The Finance Committee received updates on Airlift Northwest, UW Physicians Network, Seattle Cancer Care Alliance, FY04 operating budget plan, five-year cash flow, investment performance, the Value Analysis Program, contracting and payer relations, self pay/charity care, investment plan, TIGER project, third party payor contracting and Premera negotiation, property insurance, information technology, capital allocation process and OIG settlement.

FACILITIES COMMITTEE

Purpose as defined by Article V, Section 5.4.1

The Facilities Committee shall have general supervision over and shall make recommendations to the Board concerning the program plans for UWMC and the physical use and status of the facilities to house the UWMC and its shared services.

Membership:

William Van Ness, Chair, Larry Pinnt, Richard Scheumann, Peter Buckley, MD, John Coulter, Kathleen Sellick, Edward Walker, MD.

The Facilities Committee monitors the status of the health care market through a regular report that benchmarks various measures of cost and utilization.

Throughout FY2004, the Facilities Committee received regular reports on the Surgery Pavilion, Materials Management space at Sandpoint, Service lines, Eastside Specialty Clinic, facility master plan, Sound Transit, replacement of the Cardiac Cath Lab, Prosthetics and Orthotics Clinic, Pathology offices, Consolidated Laundry, SCCA oncology planning, radiology master plan, facilities master plan and FY05 operating plan.