



The Board of Directors of University Hospital

MEETING IN PUBLIC SESSION

June 28, 2016

11:00 a.m.

Rutgers New Jersey Medical School Cancer Center
205 South Orange Avenue, Board Room B-1120
Newark, New Jersey

Present: Hon. Donald T. DiFrancesco, *Chair*; James M. Orsini, MD, *Vice-Chair*; Robert L. Barchi, MD, PhD; Annette Catino, MBA; Tanya L. Freeman, Esq; Robert L. Johnson, MD, FAAP; Brian L. Strom, MD, MPH

Present Via Teleconference: David H. Brody, MD;

Excused: Cecile A. Feldman, DMD, MBA; Keith H. Green

University Hospital Attendees: John N. Kastanis, FACHE, *President and Chief Executive Officer*; Nancy Hamstra, *Chief Operating Officer*; Paul B. Matey, *Senior Vice President & General Counsel*; Thomas Daly, *Chief Financial Officer*; Suzanne H. Atkin, MD, *Chief Medical Officer*; Gerard Garcia, *Chief Human Resources Officer*; Carl A. Kirton, *Chief Nursing Officer*; Richard Tunnell, *Chief Information Officer*; and Tammy Robinson, *Special Assistant*

Guest: Mary K. E. Maples, Esq, Authorities Unit, Office of the Governor

I. Opening

Chairman DiFrancesco opened the meeting by reading from the Open Public Meetings Act:

The notice requirements of the Senator Byron M. Baer Open Public Meetings Act and the New Jersey Medical and Health Sciences Restructuring Act have been satisfied. Notice of this meeting was timely sent to various newspapers in the State of New Jersey and was also timely posted on the website of University Hospital.

A roll call was conducted by Ms. Robinson:

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| Hon. Donald T. DiFrancesco | Present |
| Robert L. Barchi, MD, PhD | Present |
| David H. Brody, MD | Present via teleconference |
| Annette Catino, MBA | Present |
| Cecile A. Feldman, DMD, MBA | Excused |
| Tanya L. Freeman, Esq | Present |
| Keith H. Green | Excused |
| Robert L. Johnson, MD, FAAP | Present |
| James M. Orsini, MD | Present |
| Brian L. Strom, MD, MPH | Present |

With a quorum of members present, Chairman DiFrancesco called the meeting to order at 11:00 a.m.

II. Approval of Meeting Minutes

Chairman DiFrancesco accepted a motion to approve the minutes of the May 17, 2016 meeting of the Board. The minutes were approved unanimously.

III. Report of the Chairman of the Board

Chairman DiFrancesco reported that the Fifth Annual University Hospital Golf Classic Dinner and Auction took place on Thursday, June 2, 2016. He introduced Dr. Michael Curi, Chairman of the Golf Classic Steering Committee for an update on the event.

Dr. Curi reported that this year's event was co-hosted by The Foundation for University Hospital. Dr. Curi noted that the proceeds of \$170,000 would be allocated for capital improvements, educational programs and strategic initiatives.

IV. Report of the President and CEO

Mr. Kastanis provided summary highlights from his report to the Board. He noted that details of his 90-Day Initial Assessment would be reported during Executive Session. In response

to Dr. Barchi's inquiry regarding closed session procedure, Mr. Matey noted that the discussion slated for Executive Session would appropriately be protected by attorney-client privilege.

A. Mr. Kastanis stated that a key focus for University Hospital (UH) would be to pursue a corporate partner to ensure that strategic needs of the hospital are met. Mr. Kastanis and the leadership team continue to discuss strategies with the Board in terms of the ongoing transformation of UH.

B. Mr. Kastanis discussed the top ten concerns of hospital CEOs in 2015 as reported in a survey conducted by the American College of Healthcare Executives (ACHE). He cited the top ranking issues as financial challenges, patient safety, and quality and government mandates. The narrative report discussed the issues as they relate to UH.

C. Mr. Kastanis reported that UH would continue to advocate for the preservation of the 340B Drug Discount Program. This program allows UH to deliver considerable prescription assistance to the underserved population. He stated that UH would place greater focus on retail pharmacy for discharged and ambulatory patients. Ms. Catino added that this issue is also being lobbied by the payor community for its cost saving benefits. Mr. Kastanis stated that, at this time, no major changes are expected to occur in regard to the 340B Drug Discount Program.

D. Mr. Kastanis reported that with regard to the Hospital Readmission Reduction Program, proposed federal legislation would require that the socio-economic status of Medicare readmissions be evaluated to avoid disproportionate, negative financial impact on UH and similarly situated hospitals.

E. Mr. Daly responded to Dr. Barchi's inquiry regarding the balance between increased Medicaid patients and Disproportionate Share Hospital (DSH) funding. Mr. Daly reported a marked increase in Medicaid revenue, decreases in Medicare and a substantial decrease in Charity Care.

F. Mr. Kastanis stated that the UH Fiscal Year 2017 budget reflected conservative assumptions in anticipation of the final State budget which proposed funding reductions to charity care in the amount of \$50 million.

G. Mr. Kastanis recognized two UH employees who were NJBIZ award finalists. Paul Matey was nominated for General Counsel of the Year and Karma Warren, MD for 2016 Healthcare Hero in the Public Health category. University Hospital secured ad placements in the respective sections designated for both award finalists.

H. University Hospital issued an official statement to media outlets following inquiries related to two Emergency Medical Services (EMS) employees who inappropriately utilized social media to live-stream incoming EMS calls. Mr. Kastanis stressed that despite the violation of Hospital policies, there was no delay in response or subsequent harm to any patient.

I. Mr. Kastanis and the leadership team hosted a luncheon in honor of two 45-year University Hospital employees. Mr. Kastanis presented Nenita Paschal, RN in Same Day Surgery and Nimia Valencia, Manager in Human Resources with an engraved, crystal award and floral arrangements to thank them for their years of dedicated service.

J. Mr. Kastanis provided an overview of the hot water remediation conducted following the detection of elevated levels of bacteria-containing Legionella virus. The thorough high temperature hot water remediation, disinfection and flush on June 9th covered more than 2,200 distal outlets throughout the Hospital. Mr. Kastanis reported that follow-up samples indicated one level of less than one and 41 samples with negative traces of the virus.

K. Mr. Kastanis summarized the results of the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores showing UH in the fourth quartile. The newly established Patient Experience Committee will focus on implementing best practices to enhance the patient experience and achieve the goal of third quartile scores.

L. Mr. Kastanis announced that UH recently settled union contracts for EMS Supervisors I.A.E.P. Local 200, Committee of Interns and Residents and the International Union of Operating Engineers Local 68.

M. Mr. Kastanis stated that executive members of Vizient University Health System Consortium will be at UH in July to provide a presentation and training on data analytics.

N. Lastly, Mr. Kastanis reported that UH and Rutgers University co-signed a contract to implement a smoke-free campus by November 17th.

V. Committee Reports and Action Items

A. Report of the Compensation Committee

Chair, Mr. Keith H. Green

No Report

B. Report of the Finance, Investment, Administration and Audit Committee

Chair, Ms. Annette Catino, MBA

1. Upon recommendation of the Finance, Investment, Administration and Audit (“FIAA”) Committee, Ms. Catino requested that the Board accept and approve: a) the Minutes of the April 29, 2016 meeting of the FIAA Committee; b) the Minutes of the May 25, 2016 meeting of the FIAA Committee; and c) the Minutes of the June 15, 2016 meeting of the FIAA Committee. The Board accepted and approved the minutes unanimously.

2. Upon recommendation of the FIAA Committee, Ms. Catino requested that the Board approve and adopt: a) Resolution 2016-0628-36 for Five General Waivers for routine business of the hospital; b) Resolution 2016-0628-37 for sole source Epic Software; c) Resolution 2016-0628-38 for an Organ Procurement contract supplement; and d) Resolution 2016-0628-39 for a Stone Center contract supplement. The Board approved and adopted the resolutions unanimously.

3. Upon recommendation of the FIAA Committee, Ms. Catino requested that the Board accept and approve the UH insurance renewals. The Board accepted and approved the renewals unanimously. Ms. Catino noted that the three-year contract with Aon Risk Services Northeast, Inc. is set to expire and recommended that UH issue a Request for Proposal (RFP) seeking a new insurance broker for Fiscal Year 2018.

4. Mr. Daly provided a high level overview of the May 2016 Financial Statement. During the report, Ms. Catino reminded the Board that the pension obligation noted on the balance sheet may change once final numbers from the State are incorporated into the June 30, 2016 statement.

5. Upon recommendation of the FIAA Committee, Ms. Catino requested that the Board accept and approve: a) UH Financial Statement for April 2016; and b) UH Financial Statement for May 2016. The Board accepted and approved the financial statements unanimously.

6. Mr. Daly provided a high level overview of the Fiscal Year 2017 Operating Budget assumptions, balance sheet and statement of profit and loss. Discussion ensued regarding the program UH implemented to decrease Length of Stay (LOS) and increase revenue. Mr. Daly indicated that by decreasing LOS by a half-day UH could save substantially on each discharged patient.

7. Upon recommendation of the FIAA Committee, Ms. Catino requested that the Board accept and approve the University Hospital Fiscal Year 2017 Operating Budget. The Board accepted and approved the budget unanimously.

8. Upon recommendation of the FIAA Committee, Ms. Catino requested that the Board approve and adopt Resolution 2016-0628-40 for the Fiscal Year 2017 Operating Budget. The Board approved and adopted the resolution unanimously.

C. Report of the Governance, Ethics and Legal Committee

Chair, Ms. Tanya L. Freeman, Esq

No Report

D. Report of the Medical Liaison Committee

Chair, Dr. James M. Orsini, MD

1. Upon recommendation of the Medical Liaison (“ML”) Committee, Dr. Orsini requested that the Board accept and approve: a) the Minutes of the ML Committee of April 27, 2016; and b) the Minutes of the ML Committee of May 25, 2016. The Board accepted and approved the minutes unanimously.

2. Upon recommendation of the ML Committee, Dr. Orsini requested approval of: a) the Minutes of the Medical Executive Committee of March 22, 2016; b) the Minutes of the Medical Executive Committee of April 26, 2016. The Board approved the minutes unanimously.

3. Upon recommendation of the ML Committee, Dr. Orsini requested approval of the Minutes of the Credential Committee of April 11, 2016. The Board approved the minutes unanimously.

4. Upon recommendation of the ML Committee, Dr. Orsini requested approval of: a) Credential Committee Action Items of May 10, 2016; and b) Credential Committee Action Items of June 21, 2016. The Board approved the Action Items unanimously.

E. Report of the Quality of Care Committee

Chair, Dr. David H. Brody, MD

1. Upon recommendation of the Quality of Care Committee (“QOC”), Dr. Brody requested that the Board accept and approve: a) the Minutes of the QOC Committee of April 29, 2016; and b) the Minutes of the QOC Committee of May 25, 2016. The Board accepted and approved the minutes unanimously.

2. Upon recommendation of the QOC Committee, Dr. Brody requested approval of the Minutes of the Quality Council Committee of April 25, 2016. The Board approved the minutes unanimously.

3. Upon recommendation of the QOC Committee, Dr. Brody requested approval of: a) the Minutes of the Patient Safety Committee of April 13, 2016; and b) the Minutes of the Patient Safety Committee of May 11, 2016. The Board approved the minutes unanimously.

4. Dr. Brody provided an overview of quality data for the core measures. Dr. Brody reported that the format and reporting of quality dashboards and graphics would be revised and reported on a quarterly basis.

VI. Public Comment

The Chairman stated that all business of the Board was complete, and opened the meeting for public comments. Mr. Alberto Arroyo, Secretary Treasurer for Worker’s United - SEIU presented a statement regarding Image First, the laundry service provider for the Stone Center. The Board informed Mr. Arroyo that as a tenant of UH, the Stone Center’s vendor

contracts are not subject to review by UH. Mr. Arroyo noted that Worker's United would exercise their right to distribute leaflets regarding the vendor and that a copy of his prepared statement would be given to Mr. Kastanis. The Chairman thanked Mr. Arroyo for his comment.

VII. Executive Session

Chairman DiFrancesco stated that the Board would convene in Executive Session by resolution:

BE IT RESOLVED, that the Board will meet in executive session on this date, June 28, 2016, to review matters falling within the attorney-client privilege and such other matters as may be discussed in executive session, in accordance with N.J.S.A. 10:4-12.

BE IT FURTHER RESOLVED, that any necessary action will be taken at the earliest possible public meeting of the Board, and that each of these matters shall be made public when they have been resolved and/or concluded.

The University Hospital Board of Directors will convene in Executive Session. We do not intend to conduct any additional public business.

VIII. Adjournment

There being no further business, the public meeting of the Board of Directors of University Hospital adjourned at 12:26 p.m. The next meeting of the Board is scheduled for Tuesday, September 20, 2016 at 10:00 a.m., in the Rutgers New Jersey Medical School Cancer Center located at 205 South Orange Avenue, Board Room 1120, Newark, New Jersey.