



UNIVERSITY HOSPITAL
Newark, New Jersey

Meeting of the
University Hospital Board of Directors

PUBLIC SESSION
September 17, 2013

NJMS/UH Cancer Center
205 S. Orange Avenue, Board Room
Newark, New Jersey

Present – University Hospital (“UH”) Board of Directors: Hon. Donald T. DiFrancesco, *Chair*; James M. Orsini, M.D., *Vice- Chair*; William D. Cassidy, III, Ph.D, *Secretary*; Robert L. Barchi, M.D., PhD; Domenic M. DiPiero, III (via telephone); Cecile A. Feldman, D.M.D., MBA (*via telephone*); Robert L. Johnson, M.D., FAAP; and Christopher Molloy, Ph.D, RPh (via telephone)

Present – UH Leadership: James R. Gonzalez, MPH, FACHE, *President & Chief Executive Officer*; Thomas Daly, *Chief Financial Officer*; Nancy Hamstra, *Chief Operating Officer & Secretary*; Dara Quinn, *Chief Compliance Officer*; Paul Wermuth, Esq., *General Counsel*, and Suzanne Atkin, M.D., *Chief Medical Officer*, and Susan Palma, *Interim Chief Nursing Officer*

Present – UH Staff: Simone Bellamy, *Special Assistant* and Tammy Robinson, *Special Assistant*

Present – Guests: Glenn Tucker, Esq., Greenberg Dauber Epstein & Tucker; Ms. Regina Egea, Director, Governor’s Authorities Unit and Ms. Kerstin Sundstrom, Esq., Assistant Counsel, Governor’s Authorities Unit

Minutes

Chairman DiFrancesco read 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 special meeting was timely sent to various newspapers in the State of New Jersey and was also timely posted on the website of University Hospital.

The Chairman stated that he and Dr. Cassidy attended an educational session for hospital directors hosted by the New Jersey Hospital Association (NJHA) on September 16, 2013. The Chairman added that the remaining members of the Board will take the required training online.



A roll call was conducted by Ms. Bellamy:

Hon. Donald T. DiFrancesco - *Present*
William D. Cassidy, III, Ph.D. - *Present*
Domenic M. DiPiero, III - *Present*
Cecile A. Feldman, D.M.D., MBA - *Present*
Robert L. Johnson, M.D., FAAP- *Present*
Christopher Molloy, Ph.D, RPh- *Present*
James M. Orsini, M.D. - *Present*

With a quorum of members being present, Chairman DiFrancesco called the meeting to order at 8:32 a.m.

Approval of Meeting Minutes

The Board unanimously approved the minutes of the August 5, 2013, UH Board of Directors Public Session meeting.

Chairman's Report

The Chairman stated that once the full membership of the Board is reached, there may be changes to the current committee structures. Chairman DiFrancesco then made a motion to approve a Resolution to appoint the members of the Strategic Planning Committee.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED, that the Chairperson hereby appoints the Chairperson and Members of the Strategic Planning Committee, who shall serve for a term of one year as of this date effective immediately, as follows: William D. Cassidy, Ph.D., Chair; James M. Orsini, M.D., Member; and Brian L. Strom, M.D., M.P.H., Member

The Chairman acknowledged the attendance of two members of the Governor's Authorities Unit: Ms. Regina Egea, Director and Ms. Kerstin Sundstrom, Esq., Assistant Counsel.

President and CEO's Report

Mr. Gonzalez reported that:

- On September 9, 2013, University Hospital was the site of a community meeting hosted by Kathleen Sebelius, Secretary of the Department of Health and Human Services. The meeting, held in collaboration with the Greater Newark Health Care Coalition, brought



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together health care providers, organizations, and residents of the City of Newark, with the Department of Health to discuss the changing health care environment. One focus of the Secretary's discussion was the training of health navigators/ambassadors to educate the public in regard to the insurance options available on October 1, 2013, through the Affordable Care Act.

- Challenges to the implementation of the Affordable Care Act were shared. These include the recent withdrawal of Aetna Health Care as a service provider in New Jersey, undetermined plan pricing, attracting a younger market to subscribe to a plan, and penalties for non-subscribers.
- UH administration continues to work with Rutgers in the day-to-day monitoring and implementation of both temporary and continuing service agreements. Thus far, the results of the collaboration have been very positive.
- On September 11, 2013, UH hosted a Staff Appreciation Barbeque on the patio, outside the cafeteria. The event was held to acknowledge employee efforts during the first three months of the transition had a great turnout. The hospital's leadership team assisted in coordinating the barbeque and worked to serve over 1,000 employees in attendance.
- The newly renovated patient and family waiting areas on the E-Green and I-Blue units were unveiled at a ribbon cutting ceremony on September 16, 2013. The renovations were funded with proceeds from the Medical Staff Golf Classic held in June, 2012.
- UH has completed its third cardiac catheterization laboratory renovation. The renovations were approved by the New Jersey Department of Health in August, 2013.

Mr. Gonzalez introduced Mr. Richard Tunnell, Chief Information Officer, to provide a presentation on the Information Services Technology Department.

Mr. Tunnel reported that:

- An overview of the current organizational structure of the IST Department was compared to that of its structure prior to the separation of UH from UMDNJ. The new table of organization was presented.
- Details of the temporary and continuing services agreements (TSA, CSA) with Rutgers University were provided. UH has ten separate TSA's and one CSA to deliver clinical applications support for the NJMS faculty practices, primarily for the use of the EPIC and GE PACS communications systems. The majority of the service agreements are expected to be executed in 24 months.



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- The governance model, committee structures, and exit strategies for the management of the TSA's were outlined. UH Administration's goal is to operate with minimum interruption to the organization and to support the independence of both UH and Rutgers University as soon as possible.
- A timeline for the RFP and implementation of the EPIC cohort of systems from 2001-2013, was presented. EPIC Phase I was completed in January, 2013. UH has commenced Phase II, which includes the implementation of EPIC systems to support clinical documentation, obstetric applications, and health information tracking over the next two years.
- A number of current projects were detailed, one of which is the upgrade of a 25 year-old laboratory slated for conversion to the EPIC Beaker Lab System.

Discussions ensued throughout the presentation. Dr. Barchi emphasized the importance of UH to relocate its servers to a Level I status off-site data center. Mr. Daly outlined the associated costs to upgrade clinical technologies at UH, informing members that the \$17.2 million in costs were previously budgeted as part of UH's five-year roadmap. Dr. Atkin stated that the use of the EPIC system will incur continuing costs for training, equipment, and upgrades, but that the costs are minimal compared to the cost-saving benefits of the system.

Mr. Douglas Dennis, Director, Supply Chain Management, explained the administrative process used to obtain the bid waiver for the purchase of the EPIC Beaker Lab System. Members were advised that because the waiver is over the threshold amount that can be approved by management, the waiver is being presented for Board approval.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED, that the University Hospital Board of Directors, approves the aforementioned waiver

Audit Committee Report

Mr. Ras reported that:

- Future meetings of the Audit Committee will occur following the regularly scheduled meetings of the UH-Board of Directors.
- The Office of Ethics, Compliance and Corporate Integrity presented its FY14 work plan to the Audit Committee in August, 2013. The Office of Internal Audit will present its plan



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during the Committee's September 17, 2013 meeting, and moving forward will report on an ongoing basis.

- The RFP process has been initiated to acquire the services of a new independent financial statement auditor as required by the UH Bylaws. Internal Audit is working with the offices of Supply Chain Management and Finance to complete the proposal by month's end.
- The Office of Ethics, Compliance and Corporate Integrity is implementing its work plan. The Institutional Review Board (IRB) has completed its review of the plan as required by the Corporate Integrity Agreement (CIA). The findings will be presented to the Board of Directors.

Reports to the Board of Directors

Hospital Quality Report

Dr. Barba reported that:

- In June 2013, UH achieved one of the best inpatient mortality index rates to date. The one incidence of a pressure ulcer noted in the report was incorrect. There were no occurrences of a pressure ulcer during the reporting period.

Dr. Barchi posed the question of how the case mix index goal is determined. In response, Mr. Daly stated that the Hospital's case mix is directly impacted by its emergency room cases. Mr. Daly added as UH consults with Barnabas Health, the two will work on achieving a better allocation of how patient cases are categorized.

Financial Report

Mr. Daly reported:

- The June 30, 2013, year-end report has been finalized and will be reviewed by PwC this week. An overview of the sources of relief funds received by UH in FY2013 was outlined. These sources include \$75 million in Medicare liabilities and \$112 million in institutional liabilities. UH currently has a positive unrestricted fund balance. One area of focus moving forward, will be the improvement of patient volume in clinical outpatient services which is a pipeline to increasing volume for inpatient services.
- UH broke even in its FY2014 first quarter financials, despite challenges stemming from patient volume in the preceding fiscal year. Current funding sources were outlined, which include \$4.9 million in stabilization funds and the first increment of \$18 million in



appropriation dollars. UH's bond status to date and current operating capital was also shared. UH has met the financial projections for its first quarter.

- As UH enters into its consulting relationship with Barnabas Health, leadership will begin to internally address such issues as improvement in the administration of clinical system and reducing patient wait time for services.

Legal Department Report

Mr. Wermuth reported:

Mr. Wermuth introduced Ms. Linda Brower, Esq, Associate General Counsel. Ms. Brower summarized the Resolution for the Policy on Agreements with Referral Sources.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED, that the Board hereby specifically adopts the following attached policy entitled "General Statement On Agreements With Referral Sources," effective immediately.

Ms. Brower, Esq, summarized the Resolution for the Policy on Fair Market Valuation.

WHEREUPON the following Resolution was introduced, seconded, and unanimously approved by the UH Board of Directors:

BE IT RESOLVED, that the Board hereby specifically adopts, effective immediately, the following attached policy entitled "Fair Market Valuation, Revision No. 1," amending the original Fair Market Valuation policy adopted July 1, 2013 and made effective June 13, 2013.

Update Regarding Consulting Agreement

Mr. Wermuth informed members that UH administration is identifying tasks for the consultant to address and that a meeting is scheduled to continue discussions on the execution of the agreement.

Dr. Cassidy asked that the Board receive an outline of tasks undertaken and completed by the consultant.



Public Comment

Chairman DiFrancesco opened the floor to individuals requesting an opportunity to address the Board. No request was made.

Chairman DiFrancesco commented briefly on recent speech given by Dr. Barchi on the impact of the higher education restructuring on the City of Newark. The Chairman stated that the speech was extremely informative and positive.

Chairman DiFrancesco read the Resolution to move the Board move into Executive Session:

BE IT RESOLVED, that the Board will meet in executive session on this date, September 17, 2013, 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 Board adjourned to Executive Session at 9:55 a.m.
Public Session re-opened at 10:28 p.m.**

The Board re-convened in Public Session. The Chairman stated that there was no further business.

There being no further business, the UH-Board of Directors Meeting was adjourned at 10:30 a.m. The next full meeting of the UH-Board of Directors will be held at 8:30 a.m. Tuesday, November 19, 2013, Cancer Center Board Room, 205 S. Orange Avenue, Newark, New Jersey.