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**Committee Meeting: 2/4/2010**

*Colleen McHugh, Chairman  
James D. Dannenbaum  
Janiece Longoria  
Wm. Eugene Powell*

**Board Meeting: 2/5/2010**  
Dallas, Texas

**Thursday, February 4, 2010**

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	<i>2:00 p.m. Chairman McHugh</i>		
<b>1. U. T. Medical Branch – Galveston: Authorization to ground lease approximately 4.0 acres located on the U. T. Medical Branch – Galveston Victory Lakes campus, League City, Galveston County, Texas, to Gulf Coast Center, a community center established pursuant to Chapter 534 of the <i>Texas Health and Safety Code</i>, for a term of 30 years, plus a period for design, permitting, and construction, for the construction and operation of a transit terminal with surface parking in exchange for the construction of infrastructure that will serve the Victory Lakes campus</b>	<i>2:00 p.m. <b>Action</b> President Callender Ms. Mayne</i>	<b>Action</b>	<b>237</b>
<b>2. U. T. Health Science Center – San Antonio: Authorization to name the campus extension in Laredo, Texas, as The University of Texas Health Science Center Regional Campus</b>	<i>2:10 p.m. <b>Action</b> President Henrich Dr. Shine</i>	<b>Action</b>	<b>241</b>
<b>3. U. T. Health Science Center – Houston: Approval of new "doing business as" (dba) name, logo, and brand identity</b>	<i>2:15 p.m. <b>Action</b> President Kaiser</i>	<b>Action</b>	<b>241</b>
<b>4. U. T. Southwestern Medical Center – Dallas: Authorization to negotiate and execute an agreement to host the Disney Institute's "The Disney Keys to Quality Service" program event that allows U. T. Southwestern Medical Center – Dallas to jointly sponsor the program event as an exception to Regents' Rule 80106 to allow the Disney Institute to retain a portion of revenues, upon review and approval by the U. T. System Office of Health Affairs and the U. T. System Office of General Counsel</b>	<i>2:25 p.m. <b>Action</b> President Podolsky</i>	<b>Action</b>	<b>242</b>

**Thursday, February 4, 2010** (continued)

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
5. <b>U. T. System: Report and recommendations of the U. T. System Revenue Cycle Task Force</b>	2:30 p.m. <b>Report</b> <i>Mr. Black, U. T. Health Science Center – San Antonio</i> <i>Mr. Leach, U. T. M. D. Anderson Cancer Center</i>	Not on Agenda	<b>243</b>
6. <b>U. T. System: Quarterly report on health matters, including the impact of proposed health care legislation on U. T. System institutions and next steps in health information technology for the State of Texas</b>	2:45 p.m. <b>Report</b> <i>Dr. Shine</i>	Not on Agenda	<b>250</b>
<b>B. ADJOURN MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	3:00 p.m.		

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**Friday, February 5, 2010**

	<b>Committee Meeting</b>	<b>Page</b>
<b>C. CONVENE SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	8:30 a.m.	
7. <b>U. T. System: Funding streams for health institutions -- opportunities and challenges</b>	<b>Discussion</b> <i>Dr. Shine</i>	<b>250</b>
<b>D. ADJOURN SPECIAL MEETING</b>	10:00 a.m.	

1. **U. T. Medical Branch – Galveston: Authorization to ground lease approximately 4.0 acres located on the U. T. Medical Branch – Galveston Victory Lakes campus, League City, Galveston County, Texas, to Gulf Coast Center, a community center established pursuant to Chapter 534 of the Texas Health and Safety Code, for a term of 30 years, plus a period for design, permitting, and construction, for the construction and operation of a transit terminal with surface parking in exchange for the construction of infrastructure that will serve the Victory Lakes campus**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Callender that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Medical Branch – Galveston, to

- a. ground lease approximately 4.0 acres located on the U. T. Medical Branch – Galveston Victory Lakes campus, League City, Galveston County, Texas, to Gulf Coast Center (Center), a community center established pursuant to Chapter 534 of the *Texas Health and Safety Code*, for a term of 30 years, plus a period for design, permitting, and construction, for the construction and operation of a transit terminal with surface parking in exchange for the construction of infrastructure that will serve the Victory Lakes campus; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

### BACKGROUND INFORMATION

The Center has requested to lease approximately 4.0 acres in the northwest portion of U. T. Medical Branch – Galveston's Victory Lakes campus in League City, Galveston County, Texas, to construct and operate a transit terminal with surface parking. The transit terminal will consist of a bus terminal and surface parking for approximately 450 vehicles, and is planned to provide park and ride bus service to Galveston. The land is currently vacant, but is within walking distance of the UTMB Specialty Care Center currently under construction at the Victory Lakes campus. The transit terminal site was selected to simplify the planned phased development of the campus.

The institution proposes to ground lease the property to the Center for a term of 30 years, plus a 36-month period for design, permitting, and construction. The proposed transit terminal, a "park and ride" facility, is expected to improve bus service to the Victory Lakes campus, as well as to the Medical Branch's main campus in Galveston.

In consideration for the ground lease, the Center will construct a two-lane road along the north edge of the campus to link Interstate Highway 45 to Walker Street, the primary north-south campus drive extending from the north road to the planned central round-about, and related infrastructure. The institution will pay only the difference in the cost of infrastructure sized for its campus compared with the cost of the infrastructure sized for the transit facility. The roads and infrastructure will serve the transit facility but are also necessary for the development of the Victory Lakes campus; if they are not built by the Center, they would eventually be built by U. T. Medical Branch – Galveston. The institution will also benefit from the enhanced connectivity to its main campus in Galveston that a public transit terminal can provide.

The Center will construct the facilities at its own expense, using a combination of grants from the Federal Transit Administration and local transit funds. The Center will operate the park and ride facility at all times and at its own expense and will pay all taxes. The lease will give the institution the right to approve the plans and specifications of the proposed improvements and will limit the use of the property to a transit terminal. The federal grants similarly limit the use of the property. U. T. Medical Branch – Galveston will also reserve the right to relocate the facility to another location on its Victory Lakes campus. The ground lease will also contain provisions in which the tenant, to the extent allowed by the laws and Constitution of the State of Texas, indemnifies the landlord for all matters arising from the tenant's use or occupancy of or activities on the premises.

The proposed improvements are depicted on the map on Page 240. The terms and conditions of the proposed ground lease are specified in the transaction summary below.

#### Transaction Summary

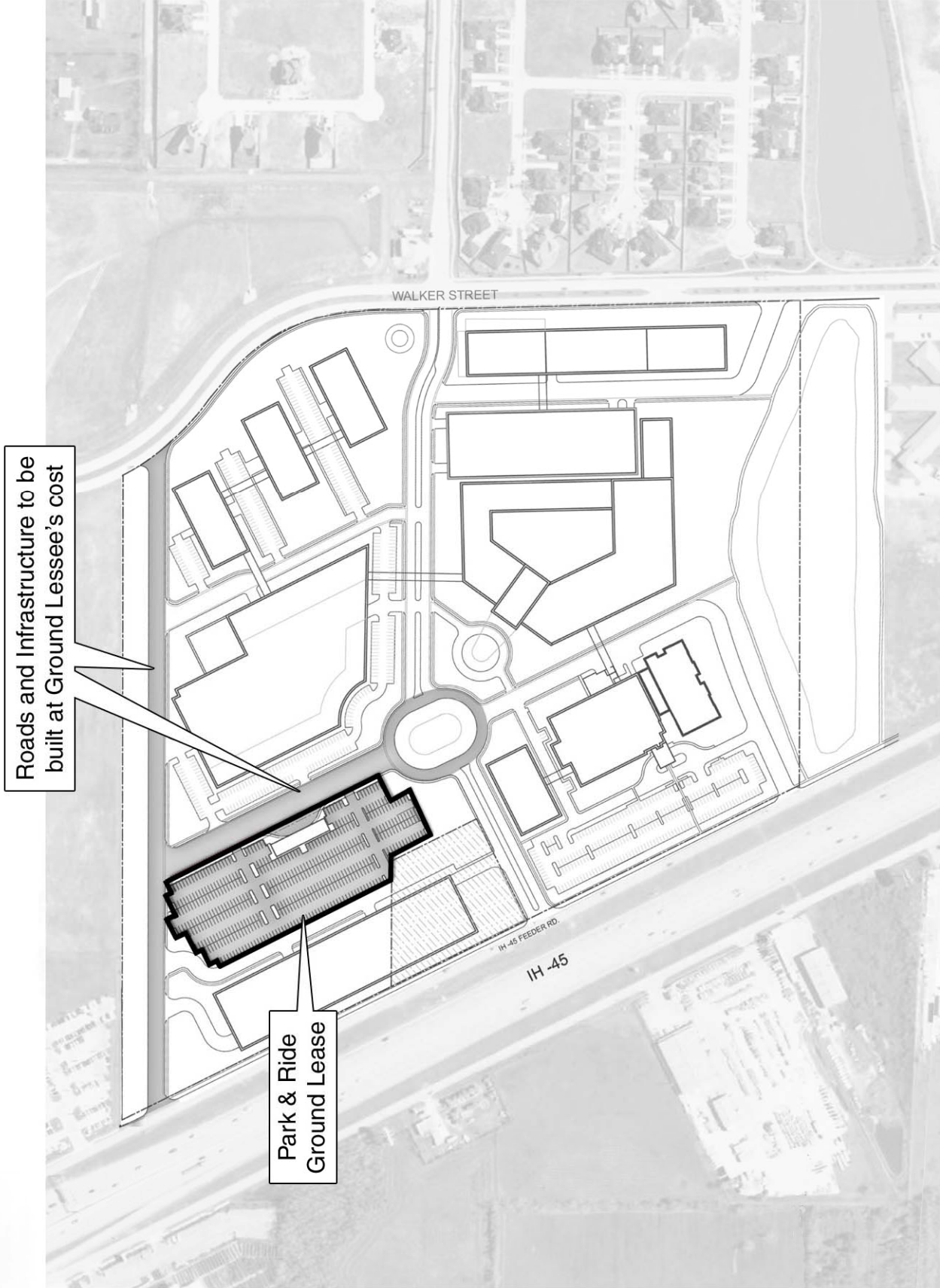
Institution:	U. T. Medical Branch – Galveston
Type of Transaction:	Ground lease
Tenant:	Gulf Coast Center, a community center established pursuant to Chapter 534 of the <i>Texas Health and Safety Code</i>
Total Area:	Approximately 4.0 acres
Improvements:	The ground tenant will construct a transit terminal with surface parking
Location:	Northwest portion of Victory Lakes campus, League City, Galveston County, Texas

Appraised Value: \$1,590,000 (Kenneth Levenson, MAI, Integra Realty Resources, July 5, 2009)

Lease Term: 30 years plus initial design, permitting, and construction period not to exceed 36 months

Uses: Transit terminal with surface parking

Consideration: Construction by Gulf Coast Center of a two-lane road along the north edge of the Victory Lakes campus and the primary north-south campus drive extending from the north road to the planned central round-about on the Victory Lakes campus, including funding for related infrastructure sized for the transit terminal facility; infrastructure design and construction costs to be borne by the Center are estimated at \$1,770,000



VICTORY LAKES CAMPUS  
PARK & RIDE  
LEAGUE CITY, TEXAS

2. **U. T. Health Science Center – San Antonio: Authorization to name the campus extension in Laredo, Texas, as The University of Texas Health Science Center Regional Campus**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Henrich that approval be granted to U. T. Health Science Center – San Antonio to name its campus extension in Laredo, Texas, as The University of Texas Health Science Center Regional Campus.

BACKGROUND INFORMATION

U. T. Health Science Center – San Antonio wishes to name its campus extension in Laredo, Texas, as The University of Texas Health Science Center Regional Campus. The new name of the Laredo campus is planned to elevate the perceived prominence of the campus, to more accurately describe the regional focus of the campus, and to more closely align the name of the Laredo campus with the name of the campus in Harlingen (Regional Academic Health Center).

If the name is approved, the signage at the Laredo campus will include use of the U. T. Health Science Center – San Antonio logo.

3. **U. T. Health Science Center – Houston: Approval of new "doing business as" (dba) name, logo, and brand identity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Kaiser that the U. T. System Board of Regents approve the new "doing business as" (dba) name, logo, and brand identity for U. T. Health Science Center – Houston.

BACKGROUND INFORMATION

U. T. Health Science Center – Houston has recently undertaken a significant review of its current brand identity in an effort to increase public awareness and enhance the reputation of the University. An experienced branding/marketing agency was retained and conducted numerous interviews and branding sessions with internal and external stakeholders associated with the institution. The research results provided valuable insights about the University's strengths, culture, and perceptions, and demonstrated

clearly that the name of the institution -- The University of Texas Health Science Center at Houston -- is problematic. Results of surveys showed that the name is difficult for people to remember, is misunderstood, and is shortened in widely inconsistent ways within the institution and by people in the community and the media.

U. T. Health Science Center – Houston proposes a new identity system that would be used prominently and consistently in all forms of communication representing the University -- publications, letterhead, signage, business cards, web, advertising, and more, in an effort to create a uniform communication standard and to enhance a better public understanding of the institution's role as a comprehensive health science university.

4. **U. T. Southwestern Medical Center – Dallas: Authorization to negotiate and execute an agreement to host the Disney Institute's "The Disney Keys to Quality Service" program event that allows U. T. Southwestern Medical Center – Dallas to jointly sponsor the program event as an exception to Regents' Rules and Regulations, Rule 80106 to allow the Disney Institute to retain a portion of revenues, upon review and approval by the U. T. System Office of Health Affairs and the U. T. System Office of General Counsel**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Podolsky that the U. T. System Board of Regents authorize an exception to the Regents' *Rules and Regulations*, Rule 80106, Section 2.3, regarding use of Special Use Facilities to allow U. T. Southwestern Medical Center – Dallas to negotiate and execute an agreement for joint sponsorship of the Disney Institute's "The Disney Keys to Quality Service" program event, with the Disney Institute retaining a portion of receipts from the program event. The agreement will be subject to review and approval by the U. T. System Office of Health Affairs and the U. T. System Office of General Counsel.

#### BACKGROUND INFORMATION

The Disney Institute opened in 1986 and, in partnership with local health care institutions, has developed a series of training programs that provide the health care institutions with opportunities to learn additional methods to achieve excellence in medical and customer services. U. T. Southwestern Medical Center – Dallas wishes to jointly sponsor the Disney Institute's program "The Disney Keys to Quality Service," with the primary purpose of advancing best customer service practices in health care. Aligning with the Disney Institute in the sponsorship of its training sessions in the Dallas market will highlight U. T. Southwestern as a leader in customer service for patients and clinical excellence.



Under the proposed agreement, U. T. Southwestern will provide facilities, equipment, and personnel, and the institution will receive private training seminars, discounted event tickets, free tickets, educational opportunities, and opportunities for increased market exposure. It is expected that receipts from the program event will exceed the actual cost to U. T. Southwestern to jointly sponsor the event. The Disney Institute will share a portion of the event's revenue with U. T. Southwestern, and the institution requests authorization of an exception to Section 2.3 of Regents' Rule 80106 so that the Disney Institute is not required to remit its total profit from the event to the institution. The final agreement will be subject to the approval of the U. T. System Office of Health Affairs and the U. T. System Office of General Counsel.

5. **U. T. System: Report and recommendations of the U. T. System Revenue Cycle Task Force**

REPORT

In April 2009, the Executive Vice Chancellor for Health Affairs appointed a Revenue Cycle Task Force (Task Force) to engage in a comprehensive review of the revenue cycle operations at the U. T. System health institutions.

Mr. Michael E. Black, Senior Executive Vice President and Chief Operating Officer at U. T. Health Science Center – San Antonio, and Mr. Leon J. Leach, Executive Vice President at U. T. M. D. Anderson Cancer Center, are co-chairs of the Task Force. They will discuss their observations from visits of the Task Force to the six health institution campuses and will present the Task Force's recommendations for improving the efficiency and effectiveness of the revenue cycle operations of the hospitals and physician practice plans, using a PowerPoint presentation on Pages 244 - 249.

# **U. T. System Revenue Cycle Task Force – Report and Recommendations**

**Michael E. Black**  
**Senior Executive Vice President and Chief Operating Officer**  
**U. T. Health Science Center – San Antonio**

**Leon J. Leach**  
**Executive Vice President, Business & Regulatory Affairs**  
**U. T. M. D. Anderson Cancer Center**

**U. T. System Board of Regents' Meeting**  
**Health Affairs Committee**  
**February 2010**



**THE UNIVERSITY of TEXAS SYSTEM**  
*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

# Executive Summary

## **Background**

In April 2009, the Executive Vice Chancellor for Health Affairs authorized the creation of a Revenue Cycle Task Force (Task Force) to engage in a comprehensive review of the revenue cycle operations across the U. T. System health institutions.

## **Charge**

1. Review U. T. System policies
2. Conduct campus visits
3. Identify “best practices”
4. Identify strategies to increase effectiveness, efficiency, and productivity of operations

## **Definition of Revenue Cycle Operations**

Activities and information systems designed to efficiently and effectively achieve the processing of revenue sources for the physician practice plans and hospitals. Examples: patient registration and scheduling, insurance verification, financial screening and counseling, claims processing, and accounts receivable management.



# Creating the Systemwide Revenue Cycle Committee

## Issue

The U. T. System health institutions have a number of “best practices” and “experts;” however, there is little awareness and coordination among the campuses.

## Recommendations

- Create a Systemwide Revenue Cycle Committee (Committee):
- Disseminate “best practices”
  - Empower members for campus action
  - Leverage “experts” as advisory and temporary technical consultants
  - Network revenue cycle operations and information technology personnel

## Governance Observation

The Task Force endorses the hybrid organizational model with central oversight of the decentralized business centers.



# Automating Revenue Cycle Operations

## Issue

Some U. T. System health institutions have electronic tools that enhance revenue cycle processes beyond the information systems for medical billing and electronic medical records. Institutions are challenged with securing funding for these business applications.

## Recommendations

Office of Health Affairs (OHA) will develop and administer a competitive loan program for the “seed money” required to implement innovative solutions.

Committee will inventory Systemwide technology solutions implemented or planned.

Committee will explore technology solutions for insurance verification and advanced beneficiary notices.

The Task Force endorses transparency at each campus by publishing meaningful, easy-to-understand revenue cycle operational reports.



# Simplifying Administrative Processes

## Issue

U. T. System health institutions are inundated with paperwork, struggle with administrative/regulatory issues, and/or receive inconsistent and incomplete patient information.

## Recommendations

OHA will pursue a legislative strategy to alleviate administrative burden of small balances (debits and credits) and consult attorneys on legality of small balance write-offs.

OHA will coordinate activities with Health and Human Services Commission on new programs and generic denial code.

Committee will facilitate analysis of issuing a single bill for patients at hospital-based institutions.

Create high-level awareness with affiliated hospital partners on criticality of transmitted information.



## Conclusion

The strength, innovation, and creativity of the U. T. System reside in the talented and dedicated personnel across the System.

The Task Force believes creating a Systemwide Revenue Cycle Committee, automating the revenue cycle operations, and simplifying administrative processes will produce more efficient and effective results across the U. T. System health institutions. Critical success factors include leveraging the “U. T. System experts” and establishing a loan program to facilitate the adoption of the recommendations and best practices contained in this report.



6. **U. T. System: Quarterly report on health matters, including the impact of proposed health care legislation on U. T. System institutions and next steps in health information technology for the State of Texas**

#### REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including the impact of proposed health care legislation on U. T. System institutions and next steps in health information technology for the State of Texas. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.

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**Friday, February 5, 2010**

SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE

7. **U. T. System: Funding streams for health institutions -- opportunities and challenges**

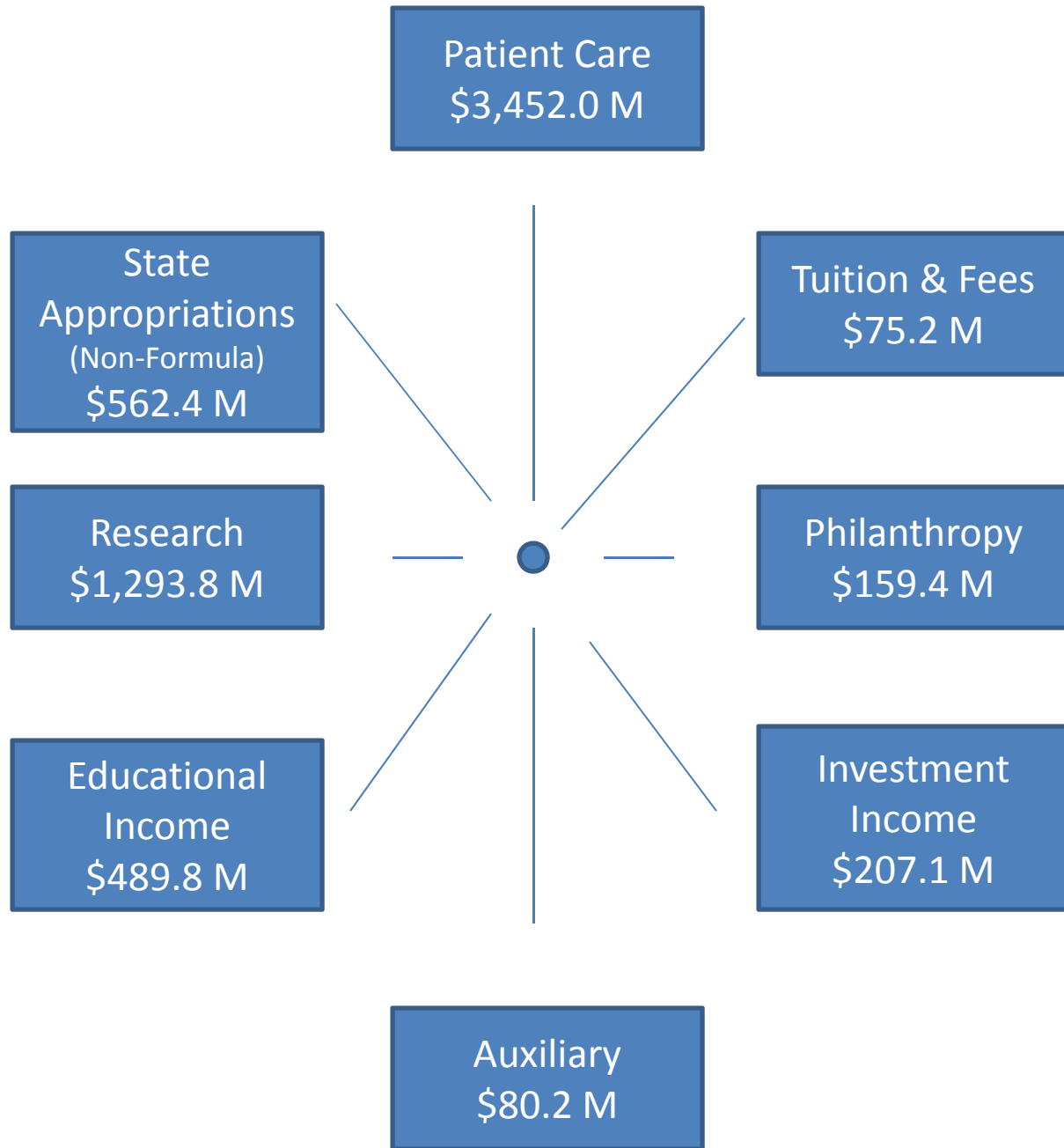
#### DISCUSSION

Executive Vice Chancellor Shine will lead a discussion related to funding streams for health institutions using the charts set forth on Pages 251 - 266.



# UT Health-Related Institutions

## *Activities & Funds*



## **UT Health-Related Institutions** *Activities & Funds*

<sup>1</sup> **Patient Care:** Represents hospital and physician clinical revenue.

<sup>2</sup> **State Appropriations:** General Revenue, including direct hospital support, patient based formula funding and employee benefits, but not I&O, Infrastructure, Research & GME formulas.

<sup>3</sup> **Educational Income:** Includes General Revenue from I&O, Infrastructure, Research & GME formulas and revenue from "Net Sales and Services of Educational Activities" in FY2007 Actual Budget data.

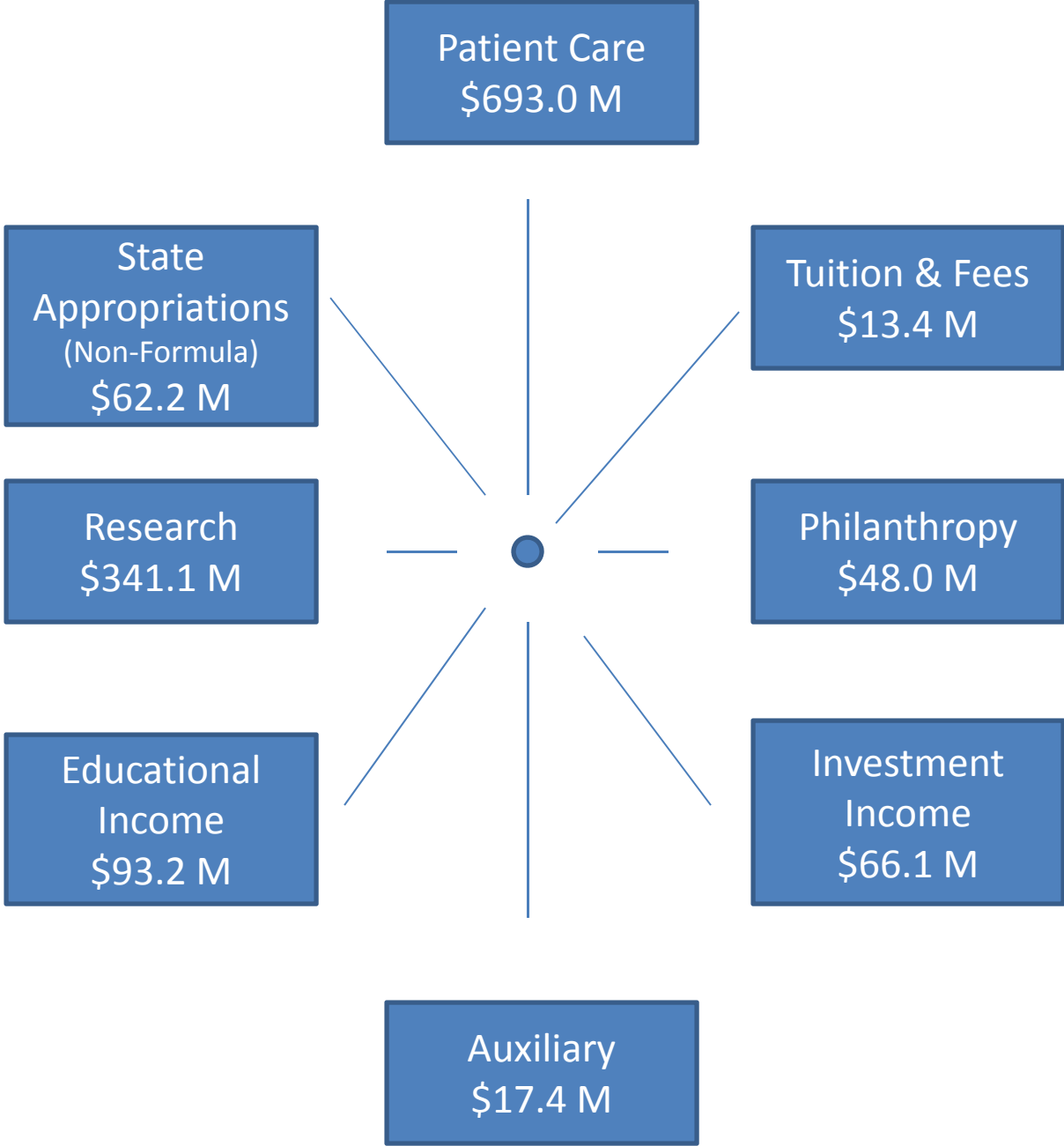
<sup>4</sup> **Research:** Based on report to THECB, not the "Sponsored Programs" revenue or the "Research Operating Expenses" in the FY2007 Actual Budget data.

<sup>5</sup> **Philanthropy:** Represents "Gifts in Support of Operations" in FY2007 Actual Budget data.

<sup>6</sup> **Investment Income:** Represents "Net Investment Income" in FY2007 Actual Budget data.

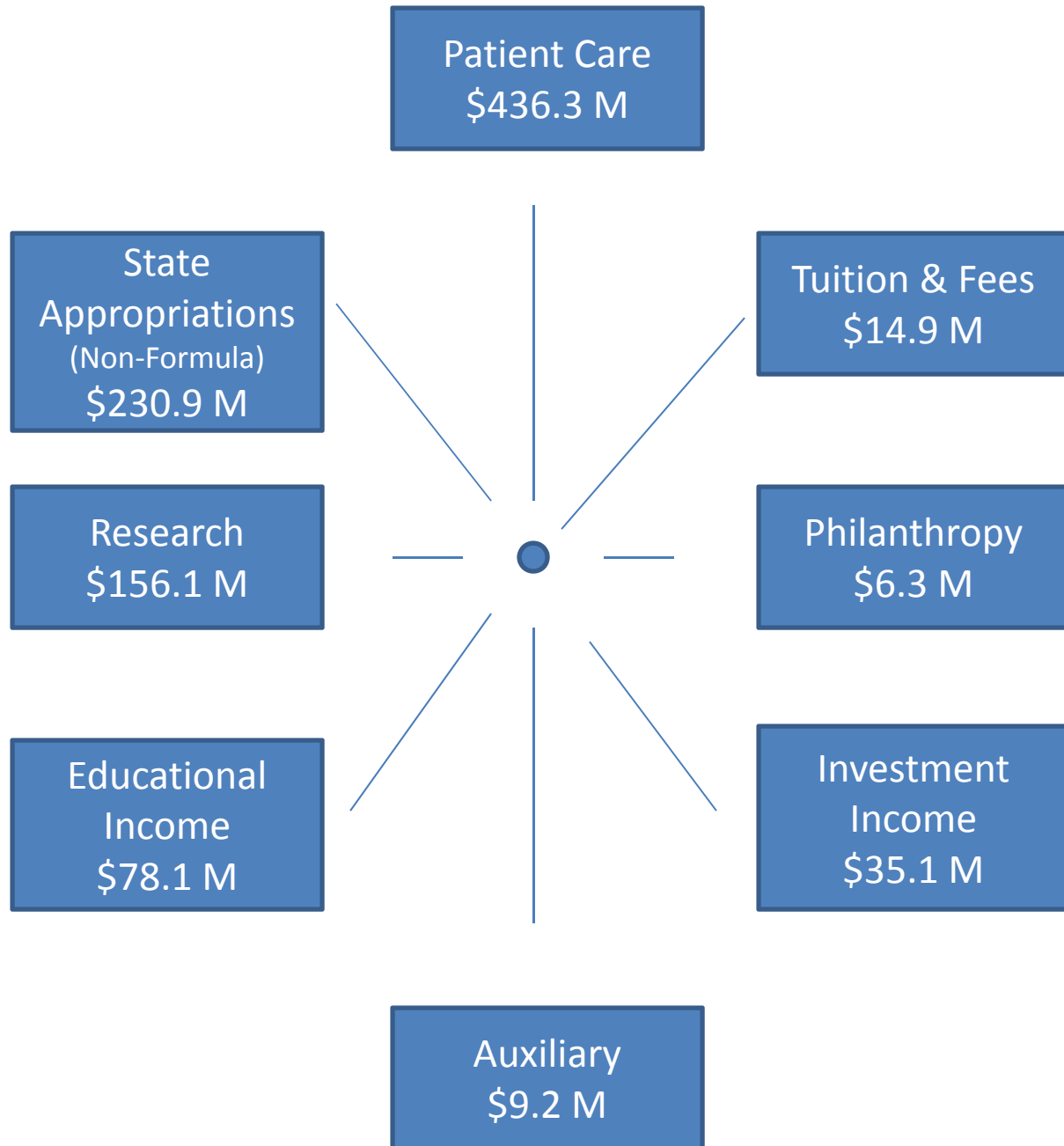
<sup>7</sup> **Auxiliary:** Represents "Net Auxiliary Enterprises" in FY2007 Actual Budget data.

# UT Southwestern *Activities & Funds*



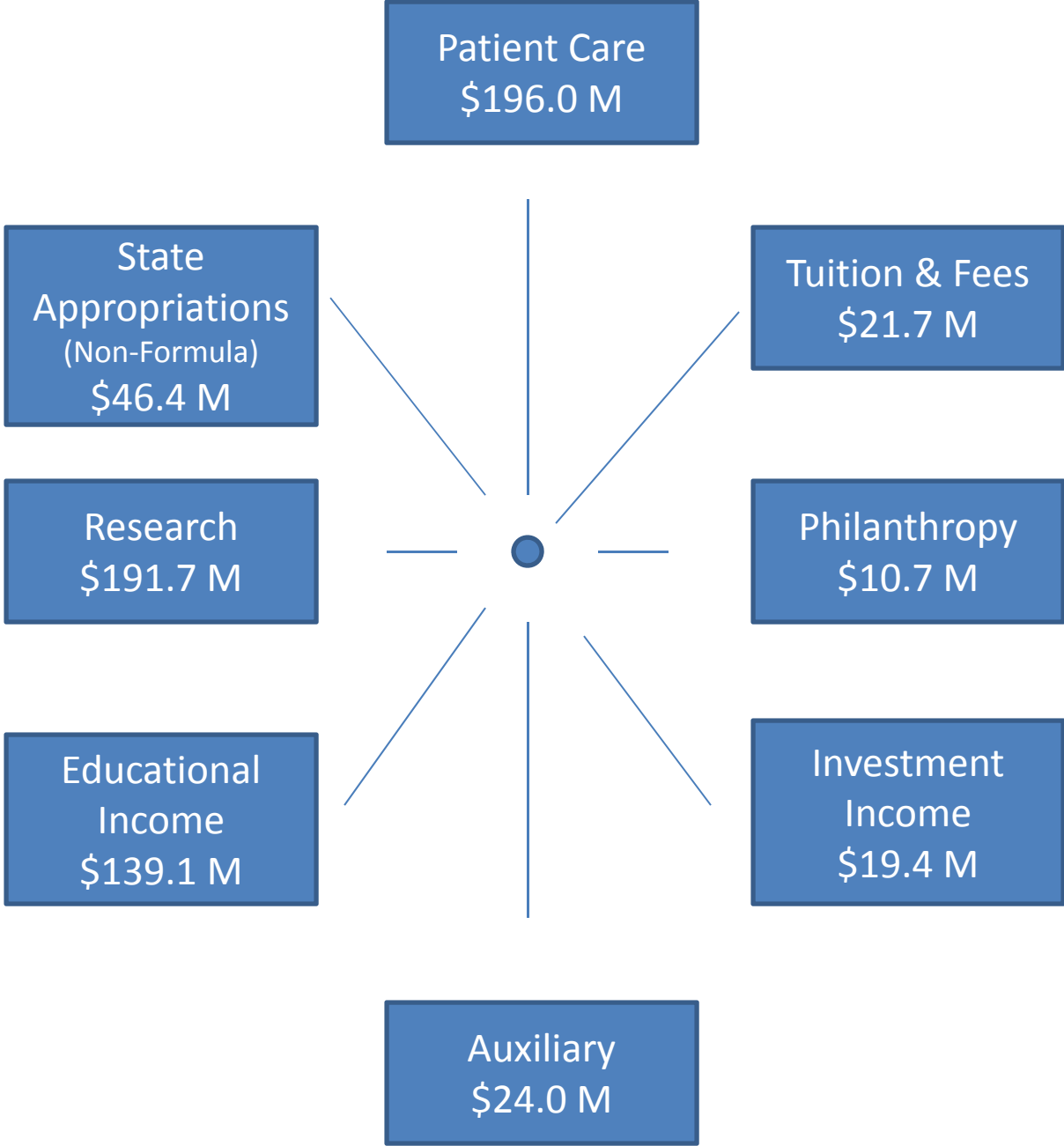
# UT Medical Branch at Galveston

## *Activities & Funds*



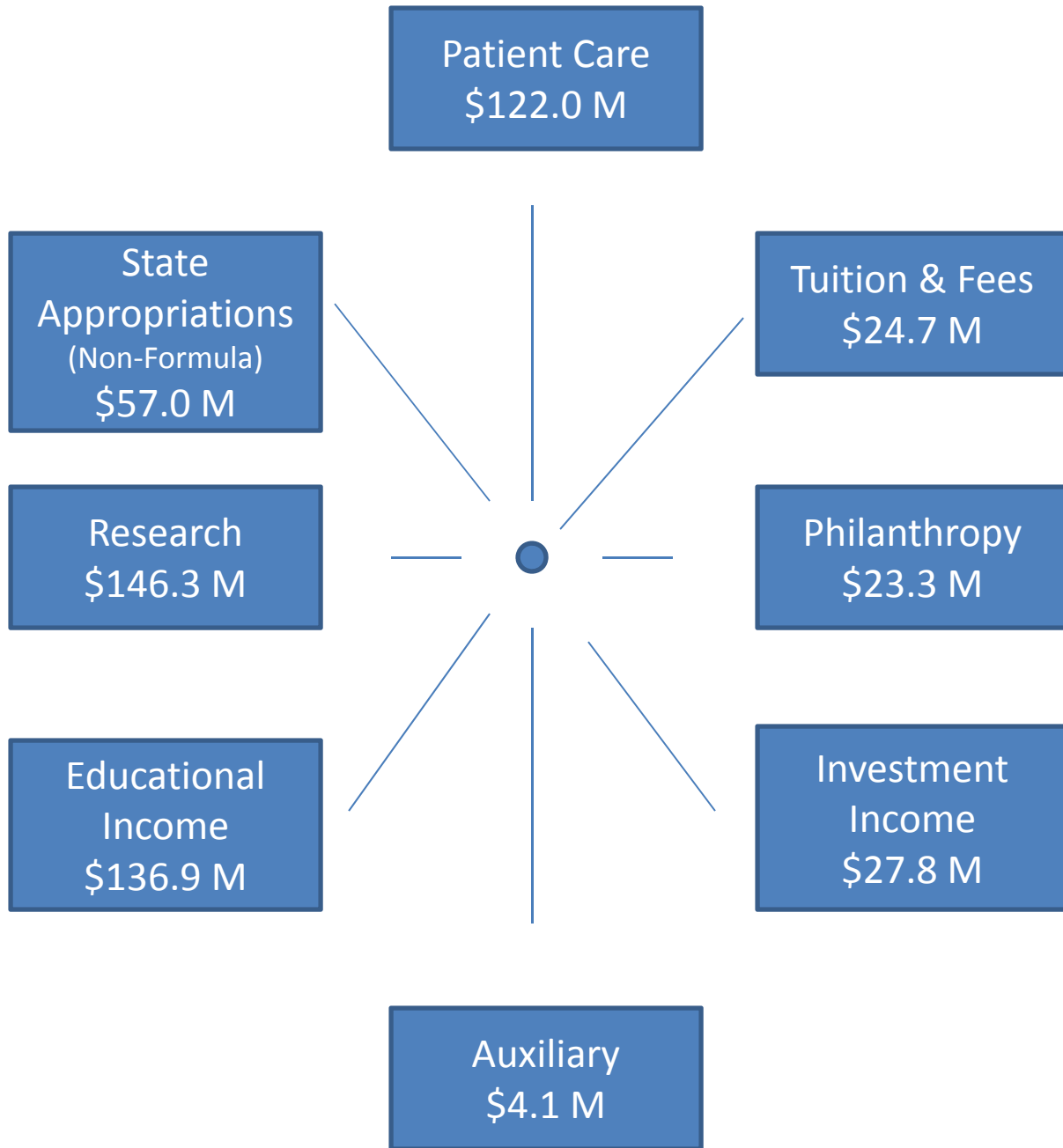
# UT HSC Houston

## *Activities & Funds*

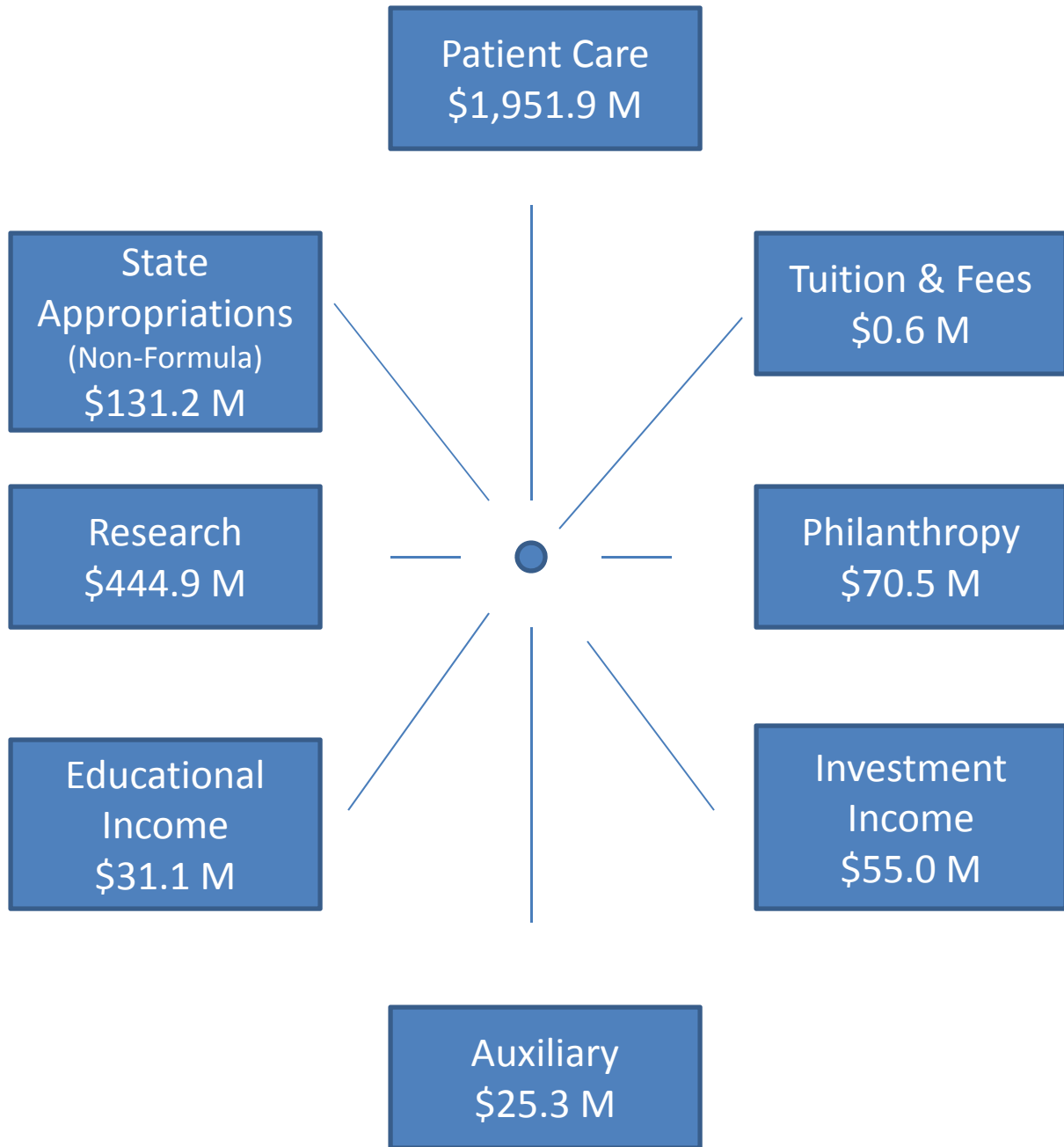


# UT HSC San Antonio

## *Activities & Funds*

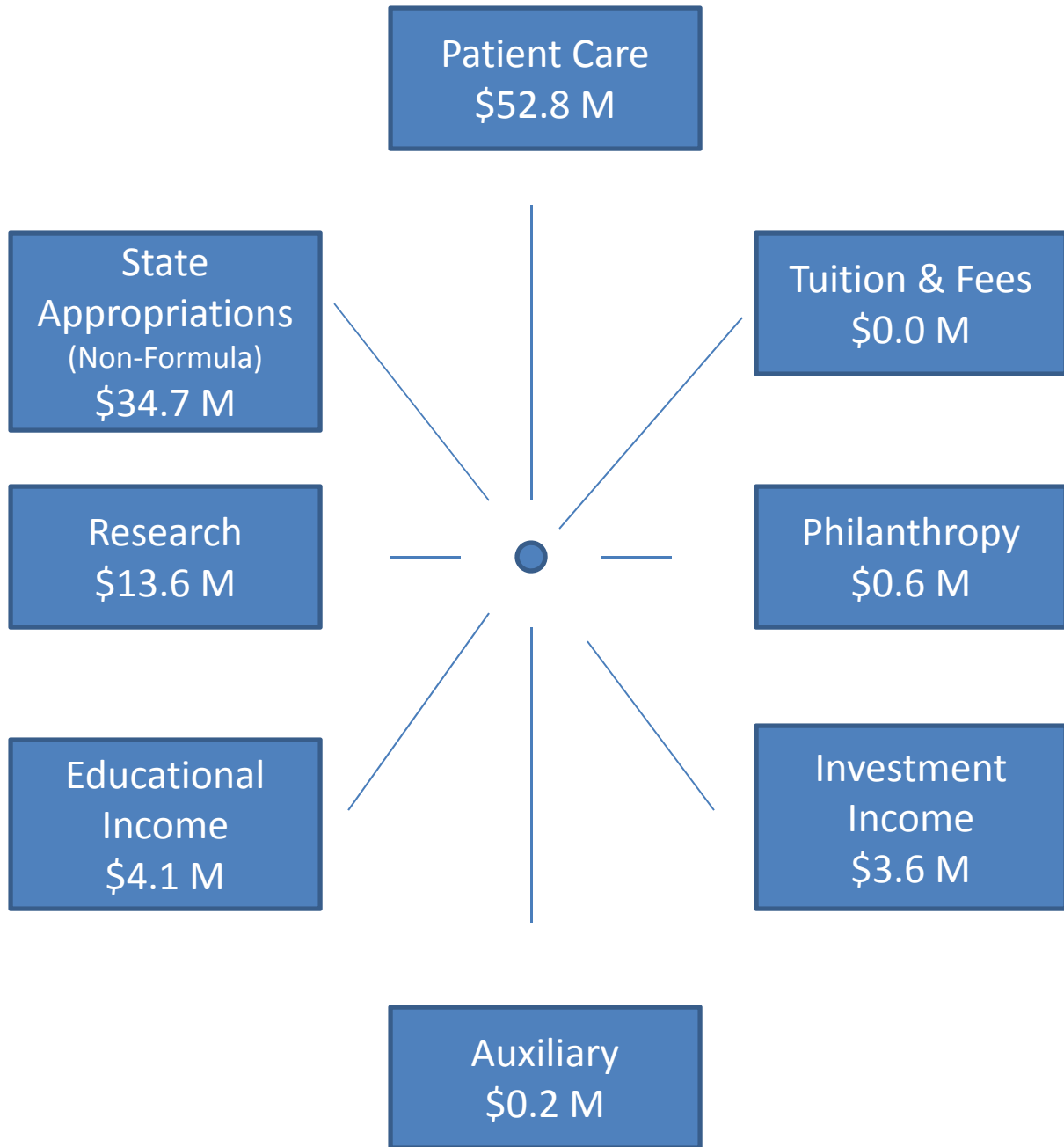


# UT MD Anderson *Activities & Funds*



# UT HSC Tyler

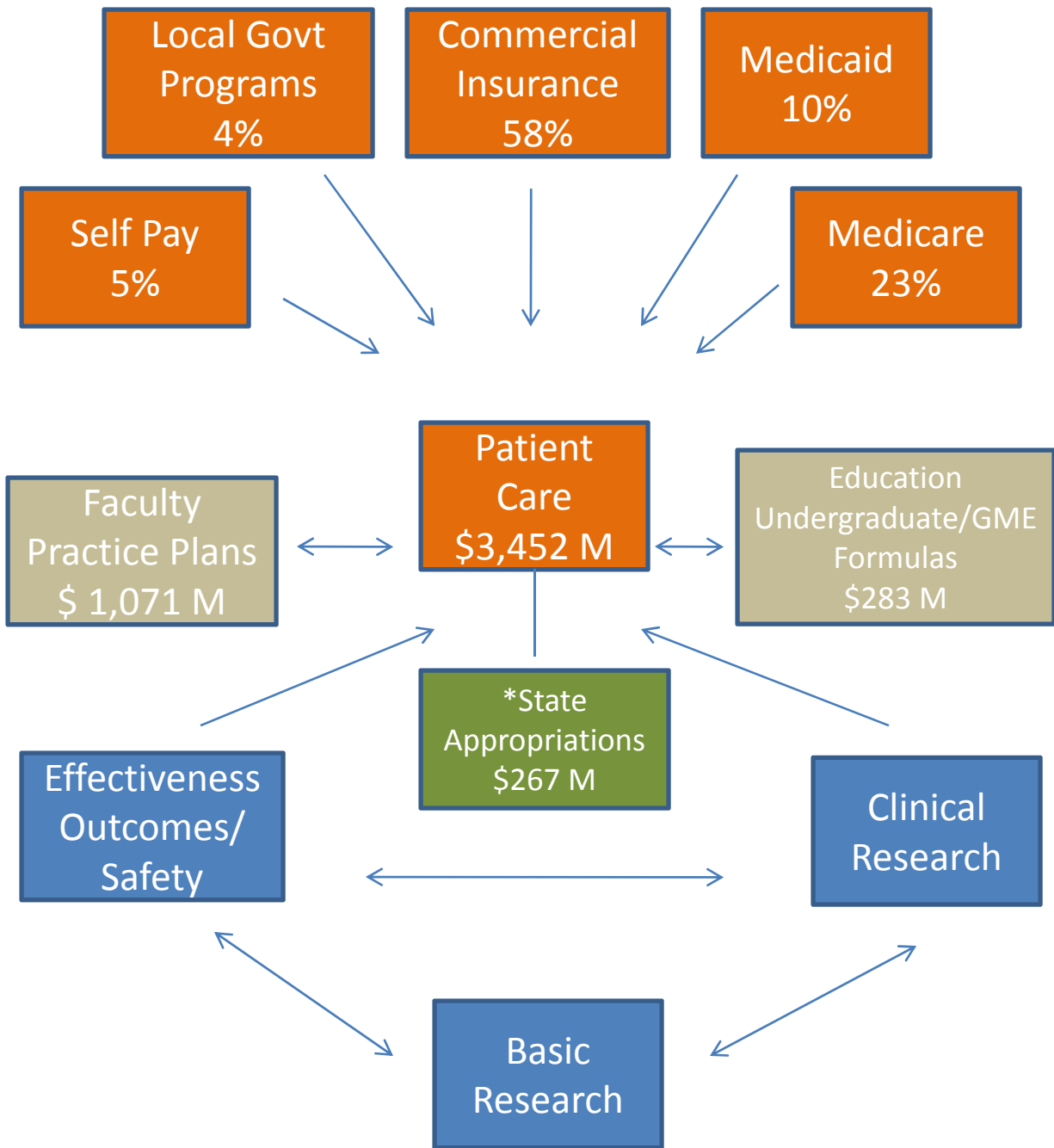
## *Activities & Funds*





# UT HEALTH-RELATED INSTITUTIONS

## Clinical Enterprise



\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)  
 TDCJ Correctional Managed Health Care revenue of \$300 M is not included above.

## **UT HEALTH-RELATED INSTITUTIONS**

### **Clinical Enterprise**

#### **Notes**

Patient Care includes UT hospital and practice plan net patient revenue, patient care revenue paid to practice plans by county/affiliate hospitals, physician UPL for FY 2007 services, mental health community hospital revenue. It excludes physician UPL for prior years' services.

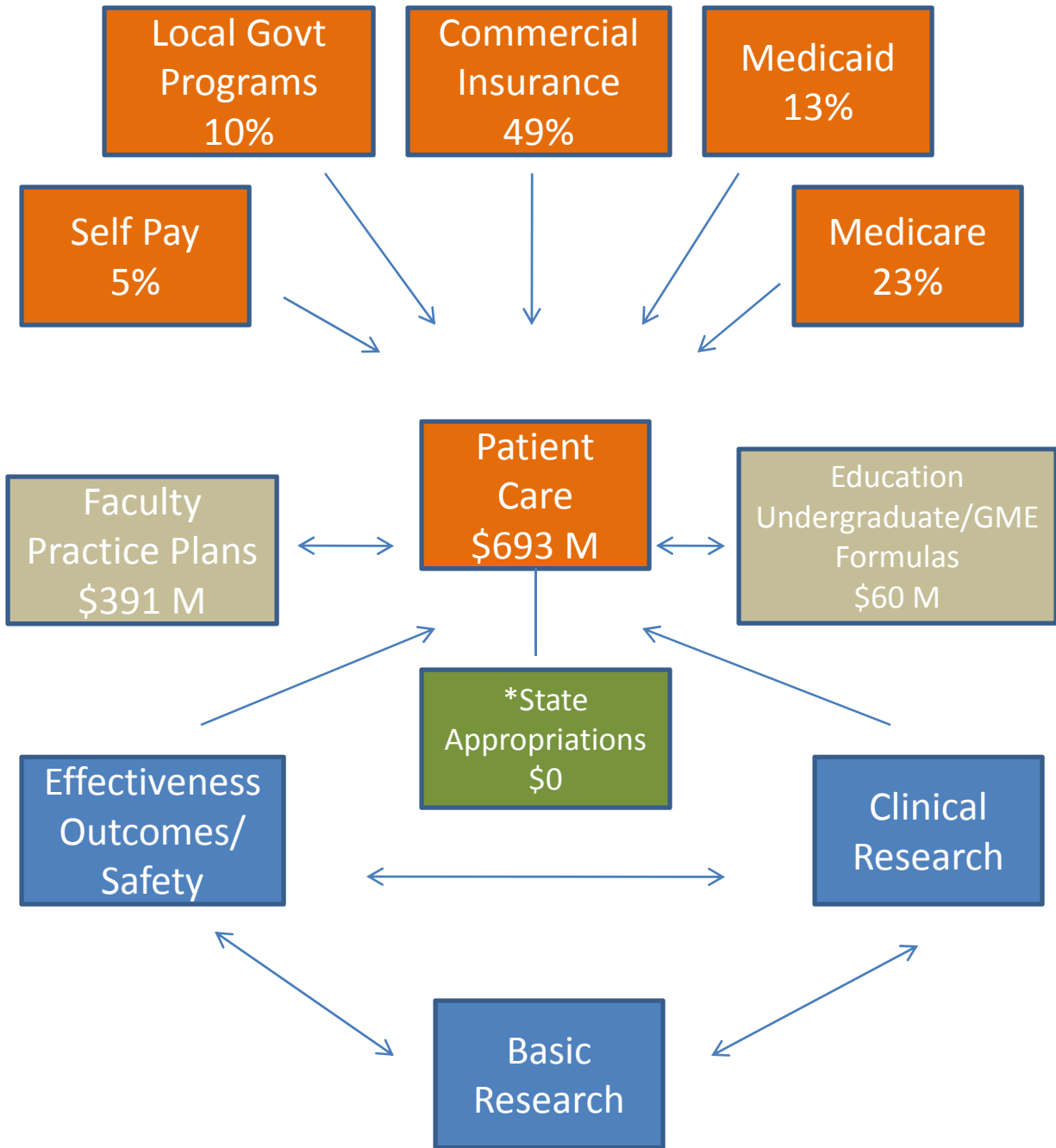
The revenue mix per category is based on the patient's primary payer and includes an apportionment of county/affiliate hospital general patient care revenue where applicable.

Local government programs reflect contractual relationships between UT Southwestern and Parkland Health & Hospital System, UT HSC Houston and Harris County Hospital District, and UT HSC San Antonio and Bexar County's University Health System for care by UT physicians at hospital district facilities for patients who have no other primary payer and qualify for the programs. For UT HSC Houston, local government programs also include revenue at the Harris County Psychiatric Center for those patients whose care is primarily funded by local and state funds for mental health community hospitals.

Self Pay includes revenues where the patient or the patient's family is the primary payer for care. This includes patients who are uninsured, underinsured, or receiving noncovered, elective treatment as well as international patients.

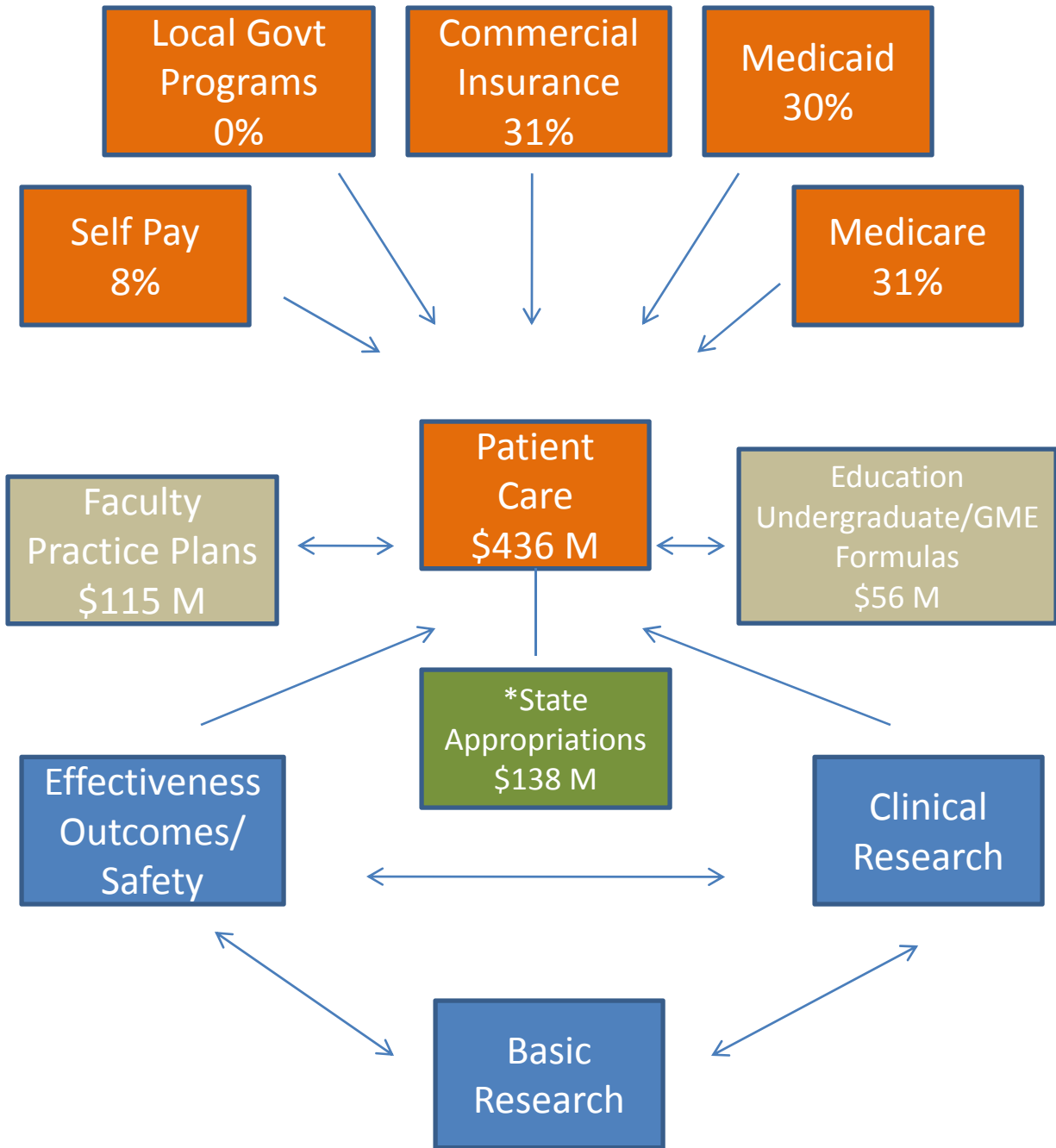
The amount in the box titled "Education Undergraduate/GME Formulas" is FY 2007 state general revenue from the Instruction & Operations (I&O) formula and the GME formula.

# UT Southwestern Clinical Enterprise



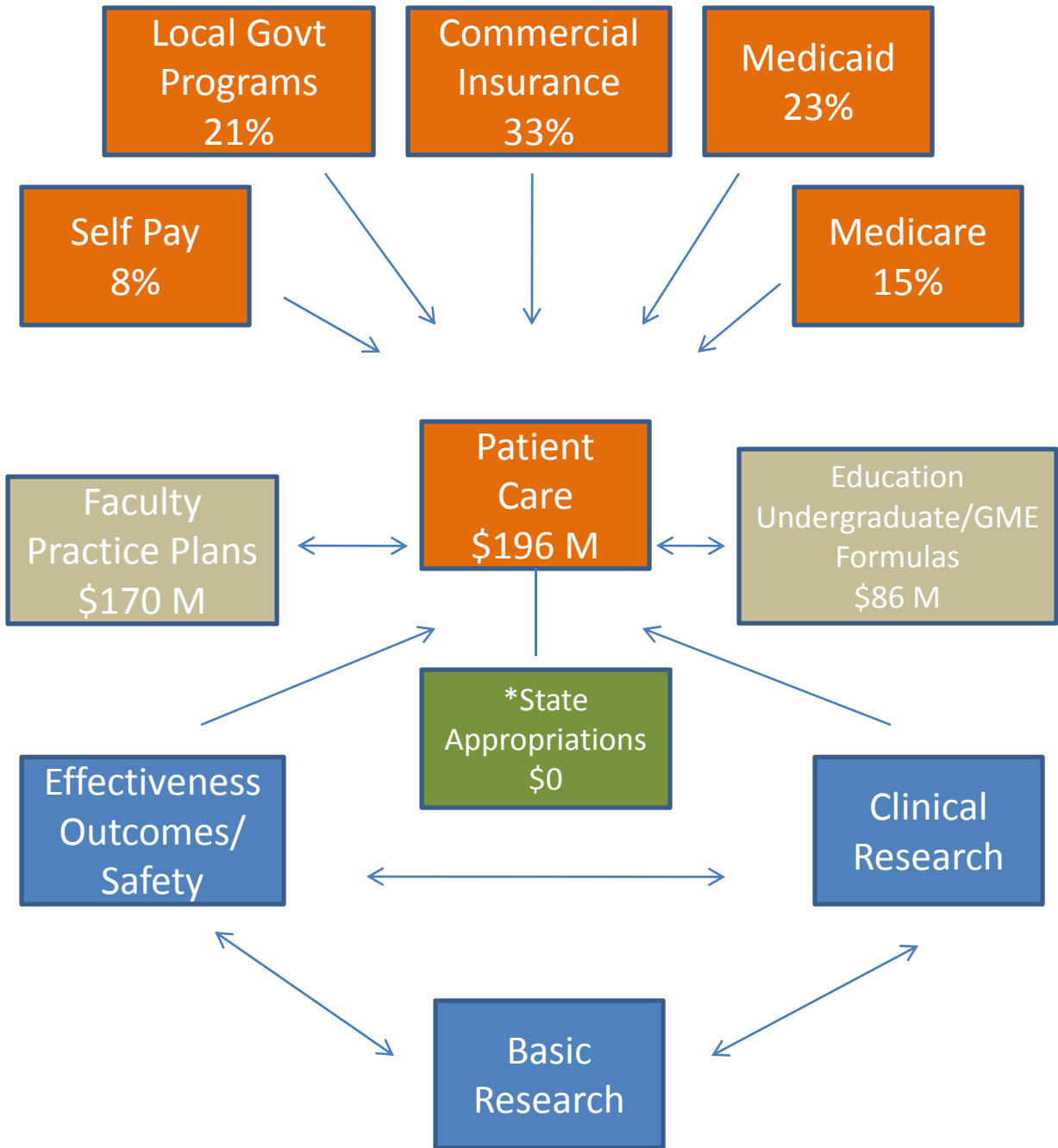
\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

## UT Medical Branch at Galveston Clinical Enterprise



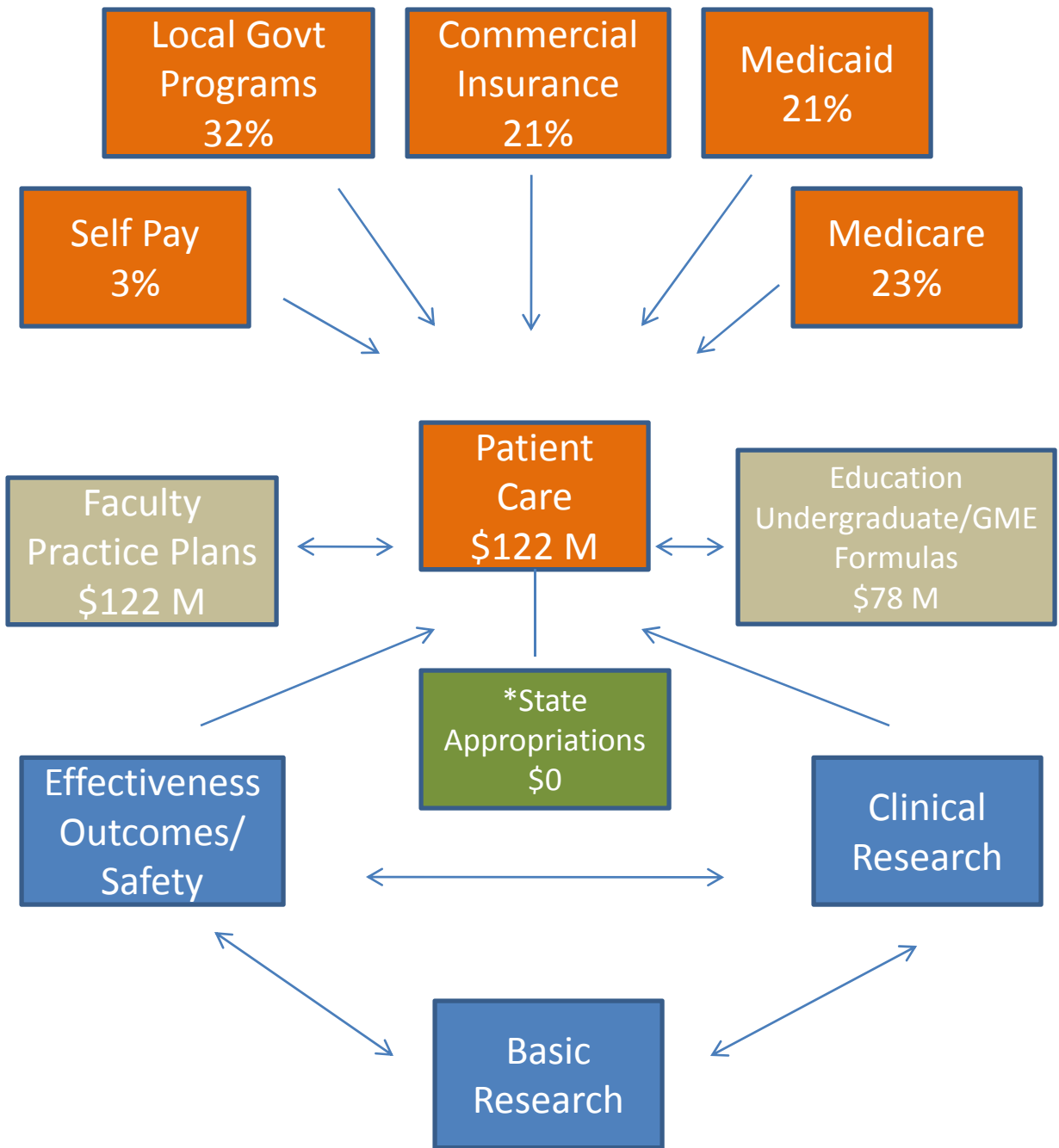
\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)  
TDCJ Correctional Managed Health Care revenue of \$300 M is not included above.

# UT HSC Houston Clinical Enterprise



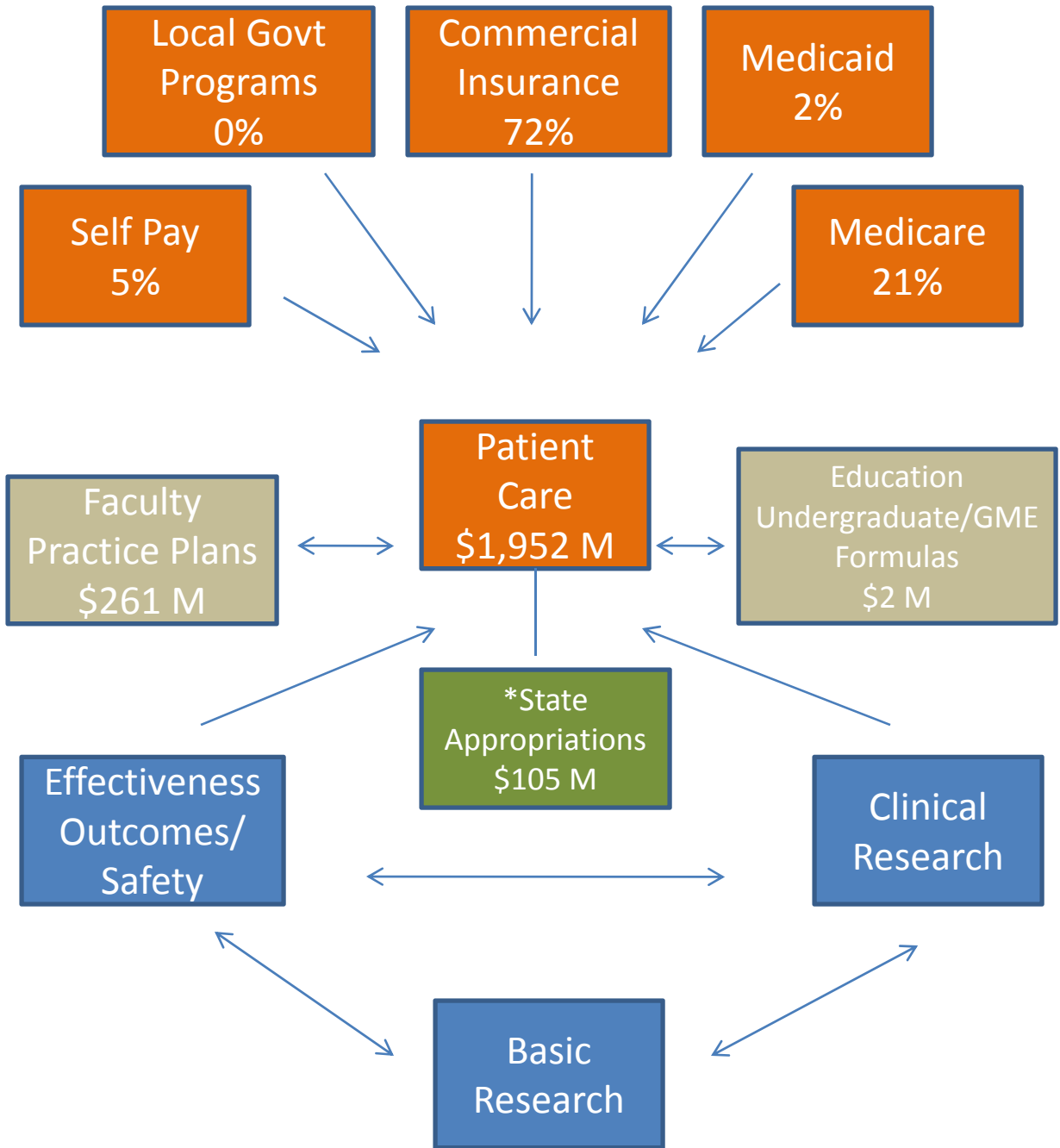
\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

# UT HSC San Antonio Clinical Enterprise



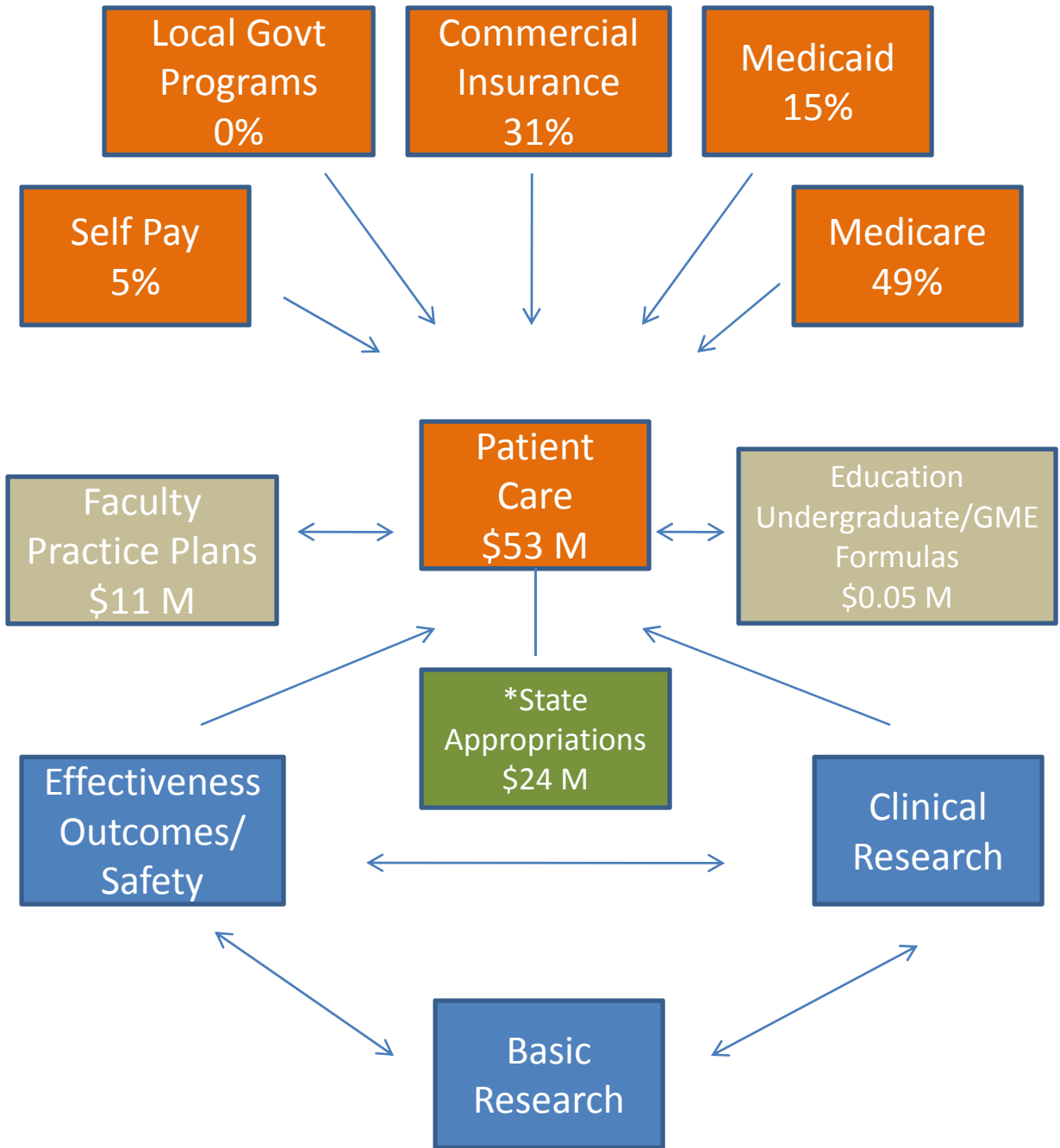
\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

# UT MD Anderson Clinical Enterprise



\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

# UT HSC Tyler Clinical Enterprise



\*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)