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FOR
HEALTH AFFAIRS COMMITTEE**

Committee Meeting: 8/24/2016

Board Meeting: 8/25/2016
Austin, Texas

*Alex M. Cranberg, Chairman
Ernest Aliseda
David J. Beck
Jeffery D. Hildebrand
Sara Martinez Tucker*

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Convene	<i>3:00 p.m. Chairman Cranberg</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>3:00 p.m. Discussion</i>	Action	260
2. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan	<i>3:03 p.m. Action Dr. Greenberg Mr. Sharphorn</i>	Action	261
3. U. T. System: Report on the U. T. Health Care Enterprise, a strategic Quantum Leap initiative	<i>3:10 p.m. Report/Discussion Dr. Greenberg Dr. Leach Ms. Carruth</i>	Not on Agenda	263
Adjourn	<i>3:30 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. Consent Agenda items assigned to this Committee are on [Pages 372 - 393](#).

2. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor and The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs, after consultation with Milliman, Inc., actuary for the Plan, that:

- a. overall premium rates remain unchanged;
- b. \$6 million in premium returns be distributed to the participating U. T. System institutions based on a methodology that considers each institution's losses; and
- c. \$4.5 million be designated for Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

The proposed distribution of \$10.5 million is set forth on the following page.

BACKGROUND INFORMATION

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommends maintaining overall premiums at the current rate. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

In addition to the \$6 million to be distributed to participating institutions, \$4.5 million is recommended for U. T. System efforts in patient safety enhancement, through Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2016

<i>Institution</i>	<i>Premium Paid</i> 2014-2016	<i>Claims Expenses</i> 2014-2016	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
UT Arlington	6,703	-	6,703	1,956
UT Austin	96,076	1,941	94,135	27,473
UT Dallas	1,518	-	1,518	444
UT El Paso	859	-	859	251
UT Rio Grande Valley ¹	124,529	-	124,529	36,343
UT San Antonio	3,918	-	3,918	1,143
UTSWMC	6,558,996	2,578,308	3,980,688	1,161,740
UTMB	4,534,465	1,031,111	3,503,354	1,022,433
UTHSCH	5,704,486	1,784,042	3,920,444	1,144,158
Medical Foundation (UTHSCH)	2,370,021	741,209	1,628,812	475,359
UTHSCSA	5,080,910	695,463	4,385,447	1,279,866
UTMDACC	3,584,001	797,624	2,786,377	813,187
UTHSCT	335,400	213,255	122,145	35,647
Subtotal	\$ 28,401,882	\$ 7,842,953	\$ 20,558,929	\$ 6,000,000
Patient Safety Enhancement Projects				\$ 4,500,000
TOTAL PROPOSED DISTRIBUTION				\$ 10,500,000

¹ Premium of \$1,932 for FY 2014-2015 was paid by UT Pan American.

3. **U. T. System: Report on the U. T. Health Care Enterprise, a strategic Quantum Leap initiative**

REPORT

Executive Vice Chancellor Greenberg will introduce a report on activities and progress of the U. T. Health Care Enterprise Quantum Leap to be presented by:

- **Leon Leach**, Ph.D., Executive Vice President, U. T. M. D. Anderson Cancer Center
- **Leslie Carruth**, MBA, Associate Vice Chancellor for Health Affairs, U. T. System

BACKGROUND INFORMATION

On November 5, 2015, Chancellor McRaven presented his strategic vision and mission for the U. T. System using a presentation, Leading in a Complex World, a Strategic Approach, 2015-2020. He outlined eight Quantum Leaps for the U. T. System, including the U. T. Health Care Enterprise. The focus of the U. T. Health Care Enterprise Quantum Leap is to incentivize collaboration and partnering and ensure equity in quality of care across all U. T. System institutions.

A PowerPoint presentation is set forth on the following pages.

Quantum Leap 5: Developing the U. T. Health Care Enterprise

Leon Leach, Executive Vice President, U. T. M. D. Anderson Cancer Center
Leslie Carruth, Associate Vice Chancellor for Health Affairs, U. T. System

U. T. System Board of Regents' Meeting
Health Affairs Committee
August 2016



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

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Quantum Leap 5

- Our mission is to improve health and health care in Texas and beyond. In pursuit of this mission, we will create the U. T. Health Care Enterprise, a learning system built from a collaborative team of teams network with U. T. System health institutions, two new U. T. medical schools, and affiliated partners.



Accomplishments to Date

- The U. T. Health Care Advisory Committee met twice
- Presidents established mission, vision, and guiding principles
- Site visits on select topics
 - Clinical operations in a competitive landscape
 - Business intelligence from an enterprise data warehouse
 - Operational infrastructure for value-based reimbursement
- Presidents' strategy retreat



Status Report on Related Projects

- Clinical Data Network
- Clinical Trials Xpress and Biobanking
- Population Health and Mental Health Initiatives
- Project Diabetes and Obesity Control (Project DOC)
- Shared Clinical Service Lines - Cancer Care
- Shared Services and Supply Chain Alliance
- Virtual Health Network - Telemedicine



Presidents' Retreat

Towards a Strategic Framework

July 29, 2016



Mission and Vision

- **Mission:** To improve health and health care in Texas and beyond.
- **Vision:** To create an easily accessible, safe, effective, and efficient health care network across Texas, improving community health and public knowledge of wellness and disease while enhancing the quality of care and outcomes for all Texans.



Guiding Principles for Designing the U. T. Health Care Enterprise

Does this help us to . . .

- provide optimal care when and where needed?
- enhance patient outcomes and experience?
- advance knowledge?
- make us more efficient?
- use our resources wisely?



Defining the U. T. Value Proposition

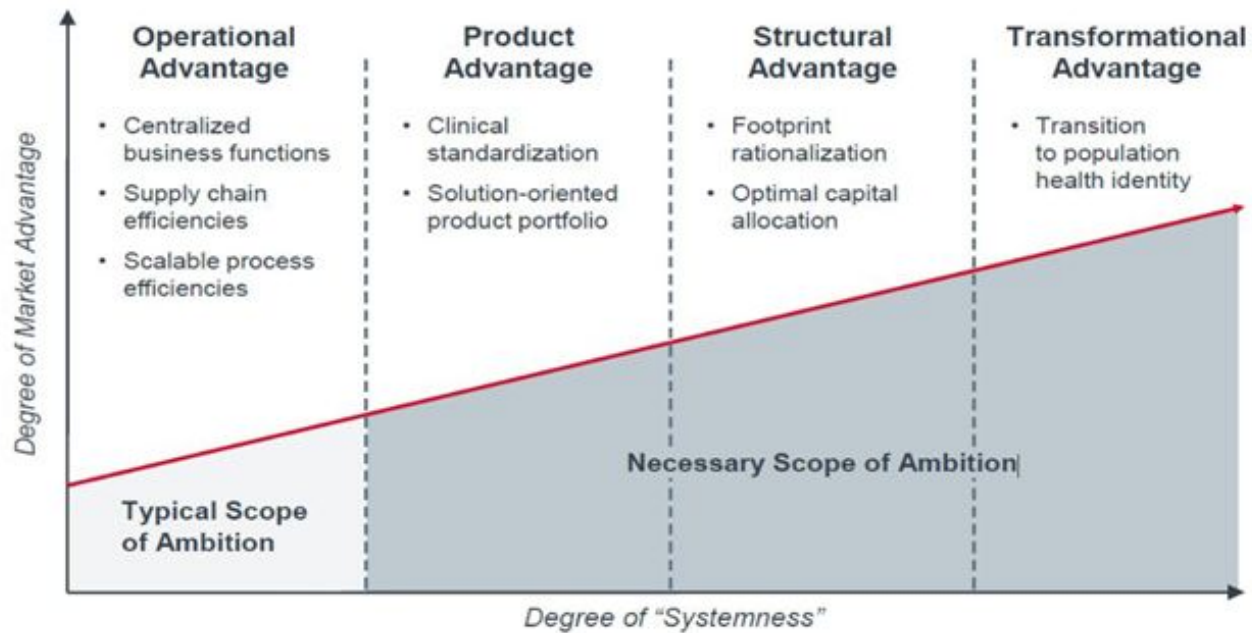
How is the U. T. Health System unique?

What differentiates U. T. from –

- Health care providers in our local markets?
Why will a patient/referring physician/health plan choose U. T.?
- Academic health systems around the country?
How does U. T. grow in national stature?



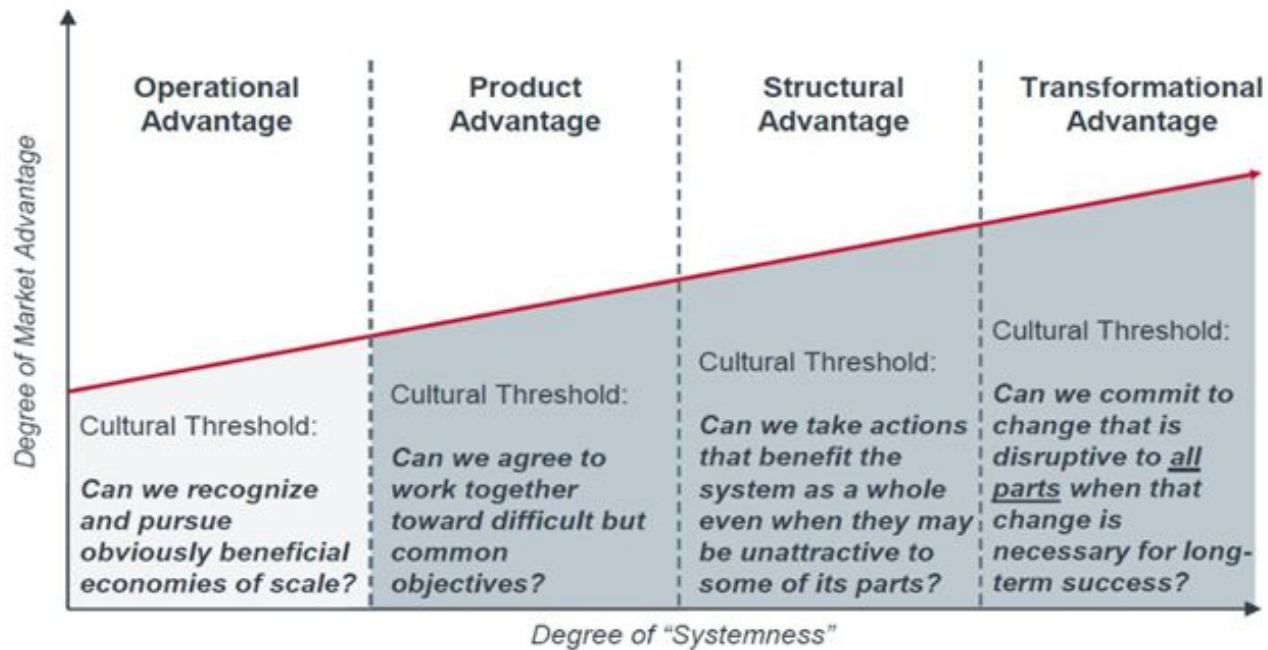
Systemness Confers Distinct, Compounding Advantages



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Systemness Is the Willingness and Ability to Do Hard Things



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What Leading Health Systems Focus On. . .

- Driving clinical standardization (best practices)
- Creating systemwide physician alignment
- Increasing IT interoperability

Based on a survey of 150 Advisory Board members as published in their Spring 2016, Volume 9 edition of Expert Perspectives Systemness, and supplemented with conversations with various members of the West Coast Chapter of the Center for Corporate Innovation.



Systemness Assessment

- Where are we now?
- How much systemness do we want?
- How do we get there?



Towards a Strategic Framework Next Steps

Consistent with our Mission, Vision, Guiding Principles, and Value Proposition, develop and implement:

- An integrated strategy that builds upon the individual health institutions' strategies
- Standardized “systemness” strategies for selected functions

