

Meeting No. 1,090

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

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September 7, 2012

Austin, Texas

MEETING NO. 1,090

FRIDAY, SEPTEMBER 7, 2012.--The members of the Board of Regents of The University of Texas System convened this special called meeting via telephone conference call at 9:02 a.m. on Friday, September 7, 2012, in the Chairman's Office on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Powell
Vice Chairman Foster
Vice Chairman Hicks
Vice Chairman Dannenbaum
Regent Cranberg
Regent Gary
Regent Hall
Regent Stillwell

Absent

Regent Pejovich
Regent Purgason, Student Regent,
nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Powell called the meeting to order.

Chairman Powell acknowledged the following persons in attendance at the meeting in San Antonio. While the meeting was hosted from Austin, Chairman Powell, Chancellor Cigarroa, and Executive Vice Chancellor Shine participated in the meeting from the South Texas Research Facility at The University of Texas Health Science Center at San Antonio.

- Senator Leticia Van de Putte
- Representative Ruth Jones McClendon
- Representative José Menéndez
- Judge Nelson Wolff
- Mr. George Hernández, Jr., University Health System
- Mr. Keith Pitts, Vanguard Health Systems
- Steven Altschuler, M.D., The Children's Hospital of Philadelphia
- Mr. Kevin Moriarty, Methodist Healthcare Ministries
- Mr. Jaime Wesolowski, Methodist Healthcare System
- Mr. Michael Zucker, Baptist Health System
- Mr. James Reed, San Antonio Medical Foundation
- Mr. Ramiro Cavazos, Hispanic Chamber of Commerce
- Mr. Richard Perez, Greater San Antonio Chamber of Commerce

RECESS TO EXECUTIVE SESSION.--At 9:07 a.m., Chairman Powell announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 9:27 a.m., the Board reconvened in open session. No actions were taken on matters discussed in Executive Session.

- 1a. U. T. Health Science Center - San Antonio: Discussion of legal issues regarding institution's participation in a children's hospital

See the open session item below for action on a related item.

- 1b. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

2. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

AGENDA ITEMS

U. T. Health Science Center - San Antonio: Authorization to accept the proposal of Vanguard/Baptist with The Children's Hospital of Philadelphia regarding the institution's participation in a children's hospital

Chairman Powell called on Interim President Kalkwarf for remarks about proposals regarding participation of The University of Texas Health Science Center at San Antonio in a children's hospital. Dr. Kalkwarf's remarks are essentially as follows.

Remarks by Interim President Kalkwarf

Chairman Powell, members of the Board of Regents, thank you for convening today and providing the U. T. Health Science Center at San Antonio with an opportunity to provide details about a matter we feel is of great importance to

our city and region -- the opportunity to provide the highest quality of health care possible for the children of San Antonio and South Texas.

Before I begin, I would like to acknowledge the attendance today of a gentlemen from the San Antonio Medical Foundation -- Jim Reed, The Foundation's President. The San Antonio Medical Foundation is the owner and the caretaker of the approximately 300 acres, devoted to health care, on which the Health Science Center resides. The Foundation has been instrumental in facilitating the growth in size and excellence of our academic programs.

- Discussions about the creation of a comprehensive hospital for children have occurred on and off in San Antonio for over three decades -- each time, they were unable to come to fruition for a variety of reasons.
- Serious discussions began again in 2010.
- When discussions between two of our partner health systems ended after 13 months in February 2012, three health systems with existing children's hospital services in San Antonio indicated that they would submit proposals to partner with the Health Science Center's School of Medicine and its Department of Pediatrics to create a children's hospital.
- Proposals were submitted during the spring and summer by:
 1. Vanguard Health Systems, Nashville, Tennessee
Baptist Health System, San Antonio
The Children's Hospital of Philadelphia
(Vanguard/Baptist/CHOP)
 2. CHRISTUS Health, Irving, Texas
CHRISTUS Santa Rosa Hospital, San Antonio
(CHRISTUS)
 3. Hospital Corporation of America, Nashville, Tennessee
Methodist Healthcare, San Antonio
(Methodist)
- The Health Science Center has carefully assessed each proposal using three overarching goals to guide the evaluation:
 1. The ability to provide the highest quality health care to the children of San Antonio and South Texas across the breadth and depth of pediatrics.
 2. The ability to provide an environment to educate and train outstanding pediatric health care providers for the future.

3. The ability to conduct groundbreaking research to improve the health of children.

Five components were considered to be very important for the development of a children's hospital by the School of Medicine and the Department of Pediatrics. Each was carefully considered as the proposals were reviewed.

Our conclusions regarding each proposal's opportunities for each component are as follows:

1. A coordinated pediatric care network capable of delivering preventive, primary, and urgent care at convenient and easily accessible locations for the families of San Antonio and South Texas. This network should be anchored by a licensed, freestanding, academic comprehensive children's hospital capable of providing the full scope of pediatric subspecialty care.

Vanguard/Baptist/CHOP proposes to create and manage a comprehensive pediatric care network comprised of ambulatory clinical sites and anchored by a licensed, freestanding, academic comprehensive children's hospital.

CHRISTUS proposes creation of a network consisting of its current hospitals and strategically located practices, anchored by its existing hospital that will be renovated and licensed as a freestanding, comprehensive children's hospital.

Methodist proposes creation of a network consisting of its current hospitals and clinics financially supported by its affiliated Foundation, anchored by its existing hospital that will be expanded in size. The hospital will not be licensed as a freestanding children's hospital.

2. The children's hospital should be world-class, and capable of providing the best possible environment for the care and comfort for children requiring tertiary care and support for their families.

Vanguard/Baptist/CHOP proposes to build a new children's hospital, based on the successful CHOP model, designed for the care and comfort for children requiring tertiary care and support for their families.

CHRISTUS proposes renovation of its existing hospital into one designed for the care and comfort for children requiring tertiary care and support for their families.

Methodist proposes expansion of its present hospital with an environment for the care and comfort for children requiring tertiary care and support for their families.

3. The environment created by this coordinated and comprehensive network and world-class hospital should be supported by a governance structure conducive to: recruiting and retaining outstanding academic pediatric subspecialists focused on the health of infants and children; supporting outstanding education and training for pediatric health care providers of the future, and supporting cutting-edge research.

Vanguard/Baptist/CHOP proposes an academic governance structure with physicians having full-time academic appointments in all key leadership positions. This structure is conducive to recruiting and retaining outstanding academic pediatric subspecialists; supporting outstanding education and training for pediatric health care providers of the future, and supporting cutting-edge research.

CHRISTUS proposes continuation of the existing affiliation that has supported pediatric care, education, and limited research.

Methodist - Discussions have taken place with Methodist, but it remains unclear whether a governance structure can be created that is mutually acceptable to the current practitioners at Methodist and the academic practitioners/educators and researchers at the Health Science Center.

4. An advanced information and communication system, including a comprehensive, pediatric electronic medical record system, should connect all aspects of the network and the hospital.

Vanguard/Baptist/CHOP proposes to implement a comprehensive pediatric Electronic Medical Record connecting the network and the hospital.

CHRISTUS does not employ a comprehensive pediatric Electronic Medical Record at this time, and we have heard no plans for proposed conversion.

Methodist does not employ a comprehensive pediatric Electronic Medical Record at this time, and we have heard no plans for proposed conversion.

5. The hospital should be located in the South Texas Medical Center to enhance geographic integration of the Department of Pediatrics, facilitating and integrating research and clinical interactions. It would also harness synergies with the Greehey Children's Cancer Research Institute, our National Cancer Institute-designated Cancer Therapy and Research Center, the South Texas Research Facility, and other outpatient U. T. medical and dental services located at the Medical Arts and Research Center (MARC) and the Center for Oral Health Care and Research.

Vanguard/Baptist/CHOP proposes to build a licensed, freestanding, academic children's hospital at the South Texas Medical Center.

CHRISTUS proposes renovation of its current hospital in downtown San Antonio into a licensed, freestanding children's hospital.

Methodist proposes expansion of its existing hospital located at the South Texas Medical Center.

After many months of meetings between the leadership of the Health Science Center and with leadership of the three health systems, we are confident that our review of the proposals has been thorough and complete.

Chairman Powell, without reservation, we recommend to you and to your colleagues on The University of Texas System Board of Regents, that the Board authorize the U. T. Health Science Center at San Antonio to proceed forward to finalize an Affiliation Agreement with Vanguard Health Systems, Baptist Health Systems, and The Children's Hospital of Philadelphia for the creation of a pediatric care network, anchored by a freestanding, academic, licensed, comprehensive children's hospital.

Thank you, I would be pleased to answer any questions.

In response to a question from Vice Chairman Dannenbaum, Interim President Kalkwarf said the hospital will be an open system, open to any pediatrician with appropriate credentials to provide services.

Executive Vice Chancellor Shine noted that the U. T. System has been following the deliberations, and he reported on the effective diligence exercised by the institutional leadership in evaluating the proposals. Dr. Shine also noted the Vanguard/Baptist/CHOP proposal placed a high priority on access to the highest quality of care. He said the location of the facility is in proximity to other health and research buildings on campus. Remarking on the good management capabilities of CHOP, he commented that their partnership with Vanguard in this enterprise offers an extraordinary and unique opportunity to the community to have good leadership and the best health care services.

Dr. Shine expressed gratitude to CHRISTUS Santa Rosa for their partnership over the years, and he said he hopes there will be an orderly transition for care and education. He also acknowledged the University Health System for their quality partnership in the past, and he hopes that cooperation will continue.

Prior to the meeting, members of the Board were provided the chart set forth on the following pages that was prepared by Interim President Kalkwarf to compare the three proposals for Children's Network Opportunities/Solutions.

Children's Network Opportunities/Solutions

School of Medicine Essential Principles for a Comprehensive Pediatric Network Anchored by a State-of-the-Art Academic Based Children's Teaching Hospital	Christus Santa Rosa Proposal	Methodist Proposal	Vanguard/Baptist Proposal
<p>1) A coordinated REGIONAL NETWORK that extends the highest quality of preventive, primary, subspecialty and urgent care that is convenient and accessible to families throughout San Antonio and South Texas.</p>	<p>Proposal calls for \$15,000,000 dedicated for a pediatric network. Predominantly via existing hospitals and less through outpatient venue. South Texas ambulatory care network limited. Philanthropic opportunities.</p>	<p>Currently the Methodist Ministries provide funding to various ambulatory care clinics, but the clinics are not owned or contracted. Their existing network is primarily hospitals they own. Philanthropic opportunities.</p>	<p>Vanguard/Baptist proposes to work with CHOP to create, own and manage a comprehensive pediatric delivery system (network) in and around San Antonio and throughout South Texas. Approximate \$75,000,000 commitment. Philanthropic opportunities.</p>
<p>2) A new world-class, state-of-the-art, licensed free standing Children's Hospital, specifically designed to deliver the latest comprehensive care, education and best research facility for children. A venue for specialists to work together to determine the best care for each child.</p>	<p>Renovation of an existing adult hospital located downtown to become a freestanding Children's Hospital - committed \$135.0M to renovate 800,000 GSF.</p>	<p>A new 150 bed tower constructed at the current Children's Hospital at the Medical Center (8 floors) - committed \$108.0M. Will not be free-standing or licensed.</p>	<p>Construct a new free-standing licensed academic based Children's Hospital at the Medical Center - commitment for approximately \$350,000,000 (250 beds).</p>
<p>3) An environment for the Pediatric faculty, medical students, residents and fellows that enhances the education and training of outstanding pediatric health care providers for the future, and that fosters ground breaking research to improve the health of children.</p>	<p>Over the years, under the current affiliation agreement, they have provided financial support to the Pediatric department to help recruit/retain outstanding faculty to enhance the education mission and support the Pediatric Residency Program.</p>	<p>Limited history.</p>	<p>Vanguard/Baptist proposes to work with CHOP and are committed to all aspects of the educational and research mission to improve health care. Vanguard/Baptist to provide financial support for the education and research mission.</p>

<p>4) A location that harnesses the best in the city and nation already committed to working on research and children's health care.</p>	<p>Downtown location at existing adult hospital.</p>	<p>Medical Center location next to existing Children's Hospital. (8 floor tower addition)</p>	<p>Medical Center on land next to the Medical Arts and Research Center and new Oral Health Clinic. Across from the Greehey Children's Cancer Research Institute.</p>
<p>5) Incorporation of a new information and communication system, including a state-of-the-art-pediatrics-modified, electronic medical records system (EMR) connecting all aspects of the new Children's Hospital and system of clinics (network).</p>	<p>No comprehensive Pediatric EMR in place to date and no commitment for a Pediatric EMR in the future.</p>	<p>No comprehensive Pediatric EMR system in place to date.</p>	<p>Vanguard/Baptist is committed to a comprehensive EMR system for children in the hospital and pediatric network.</p>
<p>6) Pediatric faculty will have significant leadership roles - pediatrician in-charge, surgeon-in-chief and service chiefs in the academic, clinical and research programs within the pediatric care network and new Children's Hospital.</p>	<p>Pediatric faculty at the School of Medicine have most of the current pediatric leadership positions.</p>	<p>Shared Governance' will most likely result in dual reporting lines: one for care, one for education.</p>	<p>Agree to having pediatric faculty fill the various leadership positions within the new Children's Hospital.</p>
<p>7) Pediatric Department would no longer be split between downtown and Med Center. More synergies with other UT Medicine physicians at the MARC, CTRC, and GCCRI.</p>	<p>Would be split between downtown and Medical Center if current agreement is extended. Distance between CSR and Health Science Center is 9.5 miles.</p>	<p>Not yet determined. Distance one block.</p>	<p>New hospital and appropriate office building would support all the pediatric faculty at the Medical Center. Distance between medical school and proposed Children's Hospital is 1 block.</p>
<p>8) Department of Pediatrics is completely integrated into the network and all the department and its activities are embraced in the new Children's Hospital.</p>	<p>Proposed bylaws do not provide for an integrated partnership into a pediatric care network.</p>	<p>To be determined and history is limited.</p>	<p>Propose to fully integrate a "Pediatric Practice Plan" into the network and into the new Children's Hospital.</p>

<p>9) Full programmatic support for clinical, academic and research missions: Inpatient services Outpatient services Diagnostic Testing Emergency Dept. Education Clinical Research Clinical Quality and Effectiveness Center</p>	<p>Currently supports important academic and clinical activities but limited across the research mission.</p>	<p>Limited history.</p>	<p>Proposal fully supports the academic, clinical and research components of the Department of Pediatrics.</p>

Regent Stillwell then moved that the Board approve the recommendation made by President ad interim Kalkwarf that the proposal of Vanguard/Baptist with The Children's Hospital of Philadelphia be accepted related to the participation of U. T. Health Science Center - San Antonio in a children's hospital.

He further moved that the Interim President be authorized to sign all documents necessary to carry out the purpose and intent of the foregoing recommendation, following review of the documents by the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel.

Vice Chairman Foster seconded the motion, which carried unanimously.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 9:50 a.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

September 11, 2012
Revised editorially on November 28, 2012, to include the chart on Pages 7-9