Minutes are not final until approved by the Board of Regents at the June 2011 meeting

BOARD OF REGENTS and its
HEALTH SCIENCES SYSTEM COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION
Cedar Building, Marlette Hall
Western Nevada College
2201 West College Parkway, Carson City
March 11, 2011

Members Present: Mr. Michael B. Wixom, Chair
Dr. Mark W. Doubrava, Vice Chair
Mr. Mark Alden {via telephone}
Mr. William G. Cobb
Mr. Ron Knecht
Mr. Kevin J. Page

Others Present: Dr. Maurizio Trevisan, EVC and CEO, HSS
Mr. Scott Wasserman, CEO & Special Counsel to the Board
Dr. Marcia Turner, Vice Chancellor and COO, HSS
Dr. John Rice, GBC
Dr. Sally Miller, UNLV
Ms. Haley Etchison, UNLV-The Rebel Yell
Mr. Nolan Lister, UNLV-The Rebel Yell
Mr. Robert Dickens, UNR
Dr. Marc Johnson, UNR
Mr. Ron Zurek, UNR
Dr. Cheryl Hug-English, UNSOM, UNR
Ms. Jean Regan, UNSOM, UNR

Faculty senate chair in attendance was Dr. Robin Herlands, NSC.

Chair Michael B. Wixom called the meeting to order at 8:36 a.m. with all members present.

1. Approved-Minutes – The Committee recommended approval of the minutes from the December 3, 2010, meeting (Ref. HSS-1 on file in the Board office).

   Regent Page moved approval of the minutes from the December 3, 2010, meeting. Regent Knecht seconded. Motion carried.

2. Information Only-Chair’s Report – Chair Wixom updated the Committee regarding Health Sciences System planning and development efforts.

   Chair Wixom said that since the last meeting in December 2010, he and Dr. Maurizio Trevisan, Executive Vice Chancellor and CEO, Health Sciences System, have had several conversations focusing on UMC in southern Nevada.
2. **Information Only-Chair’s Report** – *(continued)*

Regent Wixom and Regent Doubrava have attended the County Commission hearing where the Clark County consultants presented a report for the restructuring of UMC. He and Regent Doubrava will be attending another meeting the week of March 14, 2011, with the UMC Advisory Committee that was appointed by the County Commission. There will be more meetings and as issues develop there will be reports to the Health Sciences System Committee.

3. **New Business (Agenda Item #5)** - Regent Alden asked about his suggestion to place an item on the March 2011, agenda to discuss another element in the System called the health sciences unit which would develop something similar to the Oregon Medical Center. Chair Wixom explained that it was not placed on this agenda and requested that he and Regent Alden discuss addressing this privately on the next agenda.

4. **Information Only-Update on Health Sciences System Activities Related to the Development of an Academic Health Center (Agenda Item #3)** – Dr. Maurizio Trevisan, CEO and Executive Vice Chancellor, Health Sciences System, provided an update on various efforts led by NSHE Health Sciences System staff to foster the development of an Academic Health Center in collaboration with the University Medical Center of southern Nevada *(UMC)*. The update included an overview of the findings of a recent study conducted by FTI Consultants to evaluate the operations of UMC, and the opportunities for developing a stronger relationship.

Executive Vice Chancellor Trevisan said the consultant reported to the NSHE leadership, the county commissioners and to the UMC Hospital Advisory Board. The three areas discussed were: the operations of UMC and what can be done to improve the efficiency and the future viability of the hospital; the academic relationship between the hospital, the School of Medicine and the other health sciences programs within NSHE; and the structure of governance that UMC should consider in order to insure a brighter future for itself.

Executive Vice Chancellor Trevisan reported that the consultants were in strong support of a robust academic relationship between the hospital, the School of Medicine and the NSHE institutions. While the academic relationship is not able to solve the acute problems, in the long-term it is one of the few possibilities for UMC to emerge from the situation and become a viable source of health care for southern Nevadans. This statement has been supported by everybody that this report has been presented to, even the county commissioners – who have approved the notion of the academic health center.

Executive Vice Chancellor Trevisan stated that the consultant has identified that through detail and aggressive work on the operation of the hospital, a fair amount of savings can be achieved. It is predicted that over a three year period $30
4. **Information Only-Update on Health Sciences System Activities Related to the Development of an Academic Health Center (Agenda Item #3) – (continued)**

Million to $40 million can be saved. While that is a substantial amount of money, it does not come close to insure long-term financial viability for the hospital. The consultants recommended that the strongest possibility to make UMC a true community resource was to come out from under the direct control of the County Commission and create a 501(c)(3) corporation. This would allow the community to believe in the hospital, engage the business leaders to cultivate philanthropy, and allow the hospital to work in a more flexible way in the complex health care business. The commissioners were very supportive and interested in working out the processes to save the money, but were still debating on what governance structure would best serve the hospital. At this point there is no firm conclusion on this matter. This will be discussed at the joint meeting next week.

Chair Wixom added that the 501(c)(3) model is one where hospital ownership would stay with the county, but would spin off to an independent organization and would, in essence, start over from scratch. There are models around the country that have done this successfully, and that is the reason for the consultant’s recommendation. The idea behind the 501(c)(3) model is to start over, give UMC an opportunity to function much like any other hospital and to compete in the market place.

Chair Wixom continued that there are two markets that need to be served: the patient and the doctor that refers the patient. Management issues have hindered UMC to be effective in either area. The only way to develop paying care is to develop relationships with local doctors. UMC cannot continue to operate at the status quo. It is encouraging that the consultants identified the problems and offered some possible solutions. It is felt that the maximum the hospital can continue is three years before it collapses under its own weight from administrative and cost related issues. The County Commission now has to embrace those resolutions, and that will take a great deal of political will.

Regent Knecht indicated that the major problem with UMC is that it is governed by a County Commission that lacks expertise in that area and already has too much on their plate. This becomes a political football. On the other hand, UMC is a public entity which should have a governance structure that is transparent, competitive and accountable to the public. The 501(c)(3) corporation does not allow for this. He asked how to be certain that the board appointed by the county will be free of the current kinds of political pressures and weaknesses that the system presently has.

Chair Wixom said at the recent hearing, the county commissioners identified all the issues just raised and they are struggling to find a way that the hospital is responsible and operational. Unless something is done it will be shut down.
4. Information Only-Update on Health Sciences System Activities Related to the Development of an Academic Health Center (Agenda Item #3) – (continued)

However, it has been determined that it would probably have to re-open after one or two years for public need. Chair Wixom reported that there is broad support by the county commissioners to maintain a relationship with the UNSOM.

Regent Knecht stated that if the County Commission continues to own the hospital, and it is operated by a non-profit corporation, and governed by that non-profit corporation, then the question is how that would be appointed. If it spun-off and the county did not continue the appointments to the 501(c)(3) board, then there are real possibilities that the knot would be cut. If the County Commission continues to control the 501(c)(3) board, nobody will be able to figure out what is going on. It begs the question of who appoints the 501(c)(3) board.

Dr. Marcia Turner, Vice Chancellor and COO, Health Sciences System, said the exact dynamics of the 501(c)(3) information will be presented to the Health Sciences System Committee at a later date. Options for the 501(c)(3) are being considered along with a spectrum of other governance model options. She added that the county commissioners have put forth a bill proposing to expand the definition of the creation of a hospital district to being a medical district, thus creating yet another governance model option. The discussion regarding this bill will take place the week of March 14, 2011. Within this model there could be an appointed or an elected board and taxing authority. Executive Vice Chancellor Trevisan noted that the 501(c)(3) model represents a broad category of governance options where boards can be elected or appointed. It is an ongoing political decision to be made. Chair Wixom clarified that it is the county’s decision.

Regent Knecht said NSHE has an interest in how that spirals. It is important to have an entity going forward for the sake of a partnership with the School of Medicine. Chair Wixom felt that, conceptually, the 501(c)(3) model works well. He believed it could be a successful relationship with all involved.

Regent Alden believed that the School of Medicine should have a presence in Las Vegas. If UMC goes out of business, it could possibly put the School of Medicine out of business.

5. Public Comment (Agenda Item #4) – Executive Vice Chancellor Trevisan reported that a new Workforce Investment Board was established by Governor Gibbons to help develop workforce opportunities in Nevada. Executive Vice Chancellor Trevisan said that within this board is a Health Care Sector Board where he is participating and helping to take the lead in the generation of a federal grant proposal for $1.5 million, over two years, to help support the barriers from graduation into the health care workforce. Chair Wixom requested that an update of this be included on the next agenda.
4. **Information Only-Update on Health Sciences System Activities Related to the Development of an Academic Health Center (Agenda Item #3) – (continued)**

   Dr. Cheryl Hug-English, Interim Dean, UNSOM, indicated that the reports presented at this meeting were accurate. She confirmed with the UMC Advisory Board and the county commissioners that the School of Medicine is committed to the process. Although there are significant challenges, she thought that beneficial progress has been made towards the academic mission, without resistance. It is a long-term goal and it is important to identify how the School of Medicine can build with UMC.

3. **New Business (Agenda Item #5) – (continued) -** Regent Alden would like to have a discussion regarding re-structure to bring all the health sciences under one roof with a teaching hospital and teaching medical school.

   Regent Cobb said a memorandum was distributed from the Pappas Consulting Group which involved a diagnostic review of the integrated clinical services of the School of Medicine. He asked if it was appropriate to be reviewed and placed on the agenda for this Committee or for the Audit Committee. Chair Wixom thought it should placed on the next agenda for this Committee. Regent Page added that the report contained timelines, checklists and responsibilities which should be evaluated by this Committee.

The meeting adjourned at 9:14 a.m.

Prepared by: Nancy Stone
Administrative Assistant IV

Submitted for approval by: Scott G. Wasserman
Chief Executive Officer & Special Counsel to the Board of Regents