

MINUTES OF A REGULAR MEETING OF THE BOARD OF VISITORS
OF VIRGINIA COMMONWEALTH UNIVERSITY

September 18, 1975

A regular meeting of the Board of Visitors of Virginia Commonwealth University was held on Thursday, September 18, 1975, at 9:00 a.m. in the President's Dining Room.

Present were Drs. Blanton and Gwathmey; Messrs. Dabney, Grey, McGehee, Morgan, Norris, Obenshain, Scott, Seaborn and Shumate; Mesdames Satterfield, Stone and Thalhimer. Absent was Mr. Taylor. Also present were Drs. Brooke, Fleshood, Hall, Neal, Salley, Temple, Willett, Wilson and Woods; Messrs. Holmes, VanPelt, Ware and Mrs. Hawkins.

Dr. Blanton called the meeting to order.

On motion made and seconded, the Minutes of a Joint Meeting of the Property Committee and the Finance Committee, held July 17, 1975; the Minutes of a Regular Meeting of the Board of Visitors, held July 17, 1975; the Minutes of the Executive Committee and the Finance Committee, held August 18, 1975; and the Minutes of a Special Meeting of the Hospital Liaison Committee, held September 3, 1975, were unanimously approved.

The Report of the President followed.

Following the President's Report, Dr. Temple recommended that an invitation be extended to members of the General Assembly to tour both

campuses of Virginia Commonwealth University. He indicated that the invitation would be extended first to the members from the Richmond area.

Mr. Ware announced that Dr. and Mrs. Walther Riese had pledged \$1,000 for a distinguished service award, provided an additional \$4,000 can be raised from other sources. Virginia Commonwealth University will not be committed to raising the additional \$4,000. The award is to be known as the Riese-Melton Award, named after Dr. Riese and Mr. Hugh Melton, a long-time employee of the Department of Anatomy at MCV/VCU. On motion made and seconded, the concept of awarding distinguished employees was unanimously approved.

Dr. Woods discussed the proposal to establish the Division of Primary Care and General Internal Medicine within the Department of Medicine. He stated that, as a division, it would be helpful in obtaining more outside support. On motion made, seconded and unanimously approved, the Division of Primary Care and General Internal Medicine was established.

Dr. Temple gave the Board a status report on the Richmond Eye Hospital. He stated that the Governor's Office had not given approval for the purchase of the Richmond Eye Hospital and in the event that approval is given, 9-C bonds would be used for the purchase.

Dr. Brooke presented the University Admissions Policy. Following a discussion, it was agreed that the Office of the Attorney General be asked to review the Statement and that the administration review admissions statements of other universities.

Dr. Neal presented a status report on the HMO. It was pointed out that, originally, the HMO project was to be evaluated for one year and then a decision was to be made as to whether to continue the project for an additional year. It was requested that a historical review summary of the project be made and that a copy be mailed to Representative Satterfield and distributed to the members of the Board.

Dr. Neal distributed copies of the "MCVH Management Enhancement Recommendation," which is made a part of these minutes. He stated that the different type face on the checklist reflects time elements.

Dr. Neal distributed a "Special Report to the Board of Visitors" on the considerations and concerns relative to the proposed \$120 million hospital bond issue. This report is made a part of these minutes. Dr. Neal stated that there has been no indication as to whether the Governor will include the hospital project in his bond referendum.

Dr. Neal distributed copies of the "Hospital Bed Utilization Guidelines to Implement MCV Hospitals' Policy on Admitting, Discharging and Transferring of Patients." Following a discussion, on motion made and seconded, the Policy was unanimously approved. A copy of this document is made a part of these minutes.

Dr. Temple announced that the Virginia Hospital Laundry, Inc., had won its case in the Supreme Court of Virginia.

Dr. Willett presented the suggested plan of procedure in considering "Board Orientation, Continuing Education, University Governance and

Organization." On motion made and seconded, a committee was appointed to study the feasibility of the suggested plan and to report to the Board in 90 days.


At this time, Dr. Thomas C. Barker, Dean of the School of Allied Health Professions, joined the meeting. He presented a brief report on the National Health Planning and Resources Development Act of 1974, Public Law 93-641.

On motion made and seconded, the Report of Gifts, Grants and Contracts was unanimously approved. Dr. Salley mentioned that out of 603 institutions awarded grants and contracts, Virginia Commonwealth University is in the top 100.

On motion made and seconded, the Financial Statements were accepted by the Board.

Following a discussion, on motion made and seconded, the Faculty Appointments and Changes in Status were unanimously approved.

The meeting adjourned at 1:10 p.m.


Richard D. Obenshain

Approved:


Wyndham B. Blanton, Jr.

REPORT OF THE PRESIDENT

September 18, 1975

Dr. Temple gave the Board a briefing with reference to a number of meetings that had been held with the Acting Secretary of Education and the staff of the State Council of Higher Education. He continued by reviewing the guidelines used by SCHEV in making budget reductions and passed to the Board several newspaper clippings describing the action of the State Council in reviewing institutional budgets for the 1976-78 biennium.

Dr. Temple spoke about faculty salary averages saying that he believed that the Council had not correctly used data gathered by VCU in support of our faculty salary averages and that our staff would be preparing materials to support our case. We will be seeking an appointment with the Council staff for a further discussion of this matter in the near future.

Dr. Temple advised the Board that more students had been placed in hotels and motels this year than in any prior year. Some of these students are now being moved back to campus as rooms become available in University dormitories.

Dr. Temple stated that five or six candidates had been interviewed for the position of Special Assistant to the Attorney General (Legal Counsel for the University) and, hopefully, a selection could be made and reported to the Board by the October meeting.

MCVH MANAGEMENT ENHANCEMENT RECOMMENDATION

<u>PHASE I ACTIVITIES</u>	<u>DATE INITIATED</u>	<u>DATE COMPLETED</u>
1. Prepare draft statement of MCVH Mission	April 4, 1975 April 9, 1975 April 11, 1975	
2. Approved MCVH Mission Statement		April 17, 1975
3. Negotiate relationships and responsibilities between MCVH and Professional Schools	July 11, 1975	
4. Develop institutional program of lectures for MCVH	July 1, 1975	
5. Specify quantitative goals for MCVH's next budget year	May 8, 1975	
<u>PHASE II ACTIVITIES</u>		
1. Review Booz, Allen and Hamilton report	April 17, 1975 May 15, 1975	
2. Adopt recommendations		June 19, 1975
3. Screen candidates for position of Executive Director	May 7, 1975	
4. Review current MCVH staff against recommended positions in transitional organizational structure	June 2, 1975	July 16, 1975
5. Designate interim Executive Director - MCVH		May 11, 1975
6. Implement HSD organizational realignment and designate Associate Provost		July 11, 1975
7. Implement reorganization of purchasing and cost accounting responsibilities at MCVH	July 14, 1975	
8. Implement MCVH transitional organization structure	July 7, 1975	July 16, 1975
9. Appoint new Executive Director - MCVH		
10. Screen candidates for new HSD and MCVH positions	May 8, 1975	

PHASE II (cont.) ACTIVITIES

DATE INITIATED

DATE COMPLETED

- | | |
|--|---------------|
| 11. Appoint Assistant Provosts and MCVH positions | July 11, 1975 |
| 12. Implement reorganization of personnel responsibilities at MCVH | |
| 13. Clarify the organizational responsibilities of HSD Deans | July 11, 1975 |
| 14. Redefine MCVH department level management positions | |
| 15. Adopt recommended final MCVH organization structure | June 15, 1975 |
| 16. Begin developing management improvement program | July 1, 1975 |
| 17. Begin developing management succession plans | |

PHASE IIIa ACTIVITIES

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|--|-----------------|
| 1. Approve and implement five-step program as outlined in Chapter VII | June 15, 1975 |
| 2. Disseminate Phases IV-XII of the Implementation Plan | July 29, 1975 |
| 3. Complete conceptual design and implementation plan for MCVH position planning and control system | |
| 4. Make specific organization improvements in: | September, 1975 |
| <ul style="list-style-type: none">. Business Office. Unit Management. Operating Rooms. Housekeeping. Patient Transportation. Central Service. Medical Records. Nursing Service. Clinical Pathology. Radiology. Pharmacy. ADW Clinics. Admitting Office | |

PHASE IIIa (cont.) ACTIVITIES

	<u>DATE INITIATED</u>	<u>DATE COMPLETED</u>
5. Develop effective departmental participation in MCVH operations planning	July, 1975	
6. Review and approve detailed recommendations designed to improve bed control systems and policies	July, 1975	
7. Adopt an operating improvement plan to correct basic operating deficiencies	June 2, 1975	
. Institute management training program		
. Improve manual methods and practices for patient processing		
. Install controls over hospital equipment		
. Establish facilities, Management function		
. Establish minimum standards for departmental information systems		
. Pharmacy		
. Admitting		
. Business Office		
. Radiology		
8. Implement short-term improvements in the ADP systems	August, 1975	

PHASE IIIb ACTIVITIES

	<u>DATE INITIATED</u>	<u>TARGET COMPLETION DATE</u>
1. Improve patient charging system and reduce revenue loss		
. Develop patient charging procedures manual	June 2, 1975	
. Conduct training sessions for patient floor personnel	June 2, 1975	
. Implement increased management surveillance of patients receiving gratuitous services from staff	June 2, 1975	
. Revise selected patient charge forms	July, 1975	
. Implement increased management monitoring of medical records and ordering of services for patients	June 2, 1975	
. Investigate a direct billing system and advanced ADP technology	July, 1975	

<u>PHASE IIIb (cont.) ACTIVITIES</u>	<u>DATE INITIATED</u>	<u>TARGET COMPLETION DATE</u>
2. Implement personnel area recommendations		
. Establish an MCVH Personnel office, systems, and procedures	July-August, 1975	December 31, 1975
. Prepare conceptual design of a personnel information system -- under design by consulting firm		September 30, 1975
. Prepare conceptual design of a position control system -- under design by consulting firm	May 1, 1975	September 30, 1975
3. Develop improved payroll systems -- under design by consulting firm		
. Study the integration of the payroll system information with the management information system	May 1, 1975	September 30, 1975
. Compare existing system's capabilities with MCVH's requirements	May 1, 1975	September 30, 1975
. Specify the integration design of payroll with the accounting system that will serve MCVH	June 1, 1975	October 31, 1975
4. Develop procurement and stores capability -- to be developed by consultant		
. Establish MCVH Purchasing office capability	July-August, 1975	January 31, 1976
. Plan for integrating Purchasing with Accounting	May 1, 1975	October 31, 1975
. Plan for expanding the computer information systems support for purchasing	May 1, 1975	October 31, 1975
. Streamlining the stores operation (specified in the Phase IIIa report)	May 1, 1975	October 30, 1975
5. Complete accounting system conceptual design -- to be developed by consultant		
. Study the role of the system relative to the financial management system	May 1, 1975	September 30, 1975

PHASE IIIb (cont.) ACTIVITIESDATE INITIATEDTARGET COMPLETION DATE

entify the financial information needs of
management

May 1, 1975

September 30, 1975

- . Study the relationship of the system relative
to the management information system

May 1, 1975

September 30, 1975

- . Identify systems technology and response
capabilities requirements

May 1, 1975

September 30, 1975

- . Prepare conceptual system design

June 1, 1975

October 31, 1975

BUSINESS OFFICE ACTIVITIESTARGET
START DATETARGET
COMPLETION DATE

- | | | |
|---|-----------------|-----------------|
| 1. Approve Business Office Report | June 19, 1975 | July, 1975 |
| 2. Recruit key managers | | |
| . Director, Patient Affairs | August, 1975 | November, 1975 |
| . Manager, Patient Resources Division | August, 1975 | October, 1975 |
| . Manager, Patient Billing Division | August, 1975 | January, 1976 |
| . Manager, Patient Reimbursement Division | August, 1975 | October, 1975 |
| 3. Establish Patient Resource Division | | November, 1975 |
| 4. Establish Patient Reimbursement Services Division | November, 1975 | |
| 5. Establish Patient Billing Services Division | | January, 1976 |
| 6. Transfer Inpatient Accounts to PAO | January, 1976 | March, 1976 |
| 7. Complete study of outpatient services | | September, 1975 |
| 8. Screen existing business office employees | September, 1975 | March, 1976 |
| 9. Implement recommendations for facilities improvement | October, 1975 | March, 1976 |

SPECIAL REPORT TO THE BOARD OF VISITORS

Considerations and concerns relative to the proposed \$120 million revenue bond issue to construct a new 550-bed hospital and renovate existing structures:

1. How can our consultants, Booz, Allen & Hamilton, so readily sign off on a \$120 million bond issue to be issued by the MCV Hospitals when they "hedged" on the \$80 million issue?

MCVH'S ABILITY TO MEET DEBT SERVICE REQUIREMENTS HAS ALWAYS BEEN THE MAJOR CRITERION FOR DETERMINING FINANCIAL FEASIBILITY

MCVH's ability to meet debt service requirements of a bond issue is a function of several interrelated factors including:

- Demand for its health services
- Its cost and revenue structures
- Regulations of government and third-party payers
- Its management capability.

Each of these factors has been extensively evaluated in 1974 interim and final reports concerning the financial feasibility of facilities development for MCVH. Some of the factors and their components are more stable than others, but overall require general review, analysis and assessment in an updated study. The September 3, 1975, consultants' letter represents a preliminary analysis and opinion--both need to be confirmed once the audited results of fiscal 1975 become available.

Specifically in regard to the question raised concerning the absence of reservation in the September 3, 1975, letter outlining a preliminary assessment of the financial viability of a \$120 million bond issue (s), the following should be noted when compared to the October 2, 1974, report:

The September 3rd letter was based on projections and related assumptions found in the 1974 report on the financial feasibility of the project. Key components of the 1974 report explicitly reflected in the September letter as constants are:

- Utilization projections based on the demand analysis
- Proportion of fixed and variable costs
- Interrelationships between gross patient revenue, allowances, adjustments and bad debts, and expenses.