

**Contact: Dr. Jean Robillard**

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS TRUSTEES**

**Action Requested:** The Board of Regents, as Trustees of the University of Iowa Hospitals and Clinics (UIHC), is requested to:

Receive an informational UIHC report.

**Executive Summary:**

The Board of Regents, as Trustees of the University of Iowa Hospitals and Clinics will be provided presentations on the following topics (a separate booklet has been provided with the Board meeting materials):

- Academic Update: Carver College of Medicine
- Physician's Report
- Healthcare Updates
- Balanced Scorecard Overview
- UI Health Care Incentive Program

## AGENDA

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### **BOARD OF REGENTS, STATE OF IOWA** **Meeting as the Board of Trustees for University of Iowa Health Care**

September 18 & 19, 2007  
Iowa School for the Deaf  
Council Bluffs, Iowa

- |  |  |
|--|--|
| I. Opening Remarks & Updates   | Jean Robillard, Vice President for Medical Affairs, Dean Carver College of Medicine  |
| II. Academic Update: Carver College of Medicine  | Peter Densen, MD, Executive Dean, UI Carver College of Medicine  |
| III. Physician's Report  | Paul Rothman, MD, Head of the Department of Internal Medicine  |
| IV. Healthcare Updates <ul style="list-style-type: none"><li>•IowaCare</li><li>•Activity and Volume Review</li></ul> | Donna Katen-Bahensky, Senior Associate Vice President for Medical Affairs and CEO – University of Iowa Hospitals and Clinics |
| V. Balanced Scorecard Overview   | Donna Katen-Bahensky, SAVP and CEO   |
| VI. UI Health Care Incentive Program   | Jean Robillard, VPMA and Dean, CCOM  |

# Opening Remarks and Updates

**Jean Robillard, MD**

Vice President for Medical Affairs and Dean, Carver College  
of Medicine

# **Academic Update: Carver College of Medicine**

**Peter Densen, MD**

Executive Dean, UI Carver College of Medicine

## Research Highlights

- The UI Carver College of Medicine brought in \$160 million in external funding last year
- Among public medical schools, CCOM ranked 13<sup>th</sup> in FY05 based on NIH funding
- Six CCOM departments rank in the top 20 medical schools in terms of NIH funding
  - Anesthesia, emergency medicine, orthopaedics, otolaryngology, radiation oncology, urology
  - Each one of these departments ranks in the top 10 peer departments in **public** schools of medicine

## Organizations in Iowa That Receive NIH Funding—FY06

| <b>UNIVERSITY OF IOWA</b>               | <b>\$166,119,755</b> |
|---|----------------------|
| IOWA STATE UNIVERSITY                   | \$20,830,483         |
| PALMER CHIROPRACTIC UNIVERSITY          | \$1,391,222          |
| KIRKWOOD COMMUNITY COLLEGE              | \$1,146,341          |
| IOWA ONCOLOGY RESEARCH ASSOCIATION      | \$805,000            |
| MAHARISHI UNIVERSITY OF MANAGEMENT      | \$492,385            |
| METABOLIC TECHNOLOGIES, INC.            | \$363,674            |
| CEDAR RAPIDS ONCOLOGY PROJECT           | \$356,879            |
| UNIVERSITY OF NORTHERN IOWA             | \$337,500            |
| PATIENT EDUCATION INSTITUTE, INC.       | \$297,843            |
| BIOFORCE NANOSCIENCES, INC.             | \$199,999            |
| LUTHER COLLEGE                          | \$186,701            |
| DES MOINES UNIV OSTEOPATHIC MEDICAL CTR | \$180,295            |
| MEDICAL IMAGING APPLICATIONS, LLC       | \$100,000            |
| CYNTELIX, INC.                          | \$96,728             |
| IOWA STATE DEPT OF HUMAN SERVICES       | \$70,651             |
| HUMAN FACTOR INTERNATIONAL              | \$49,500             |

## Faculty are Among the Most Productive in the Nation—FY06

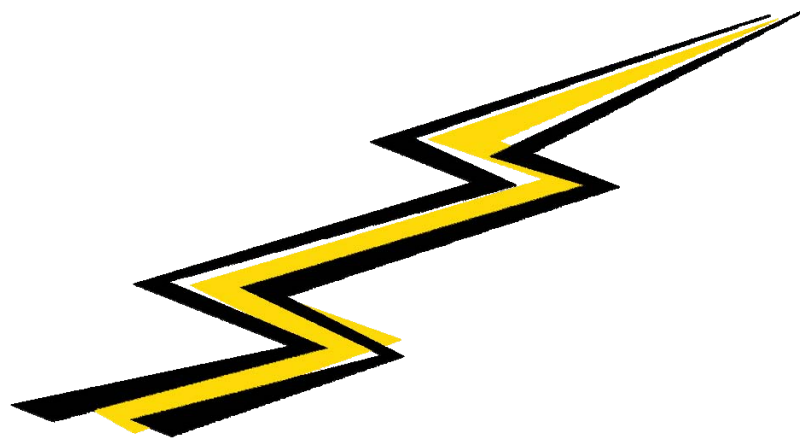
| Inst.         | Total NIH Funding<br>(x 1000) | Total Faculty* | \$\$'s per Faculty | # of Graduates | Grants/Faculty |
|---------------|-------------------------------|----------------|--------------------|----------------|----------------|
| UCSD          | 238.0                         | 812            | 293,141            | 486            | .599           |
| UC            | 398.2                         | 1,578          | 252,317            | 869            | .551           |
| UW            | 308.8                         | 1,580          | 195,438            | 682            | .432           |
| UNC           | 217.4                         | 1,117          | 194,665            | 527            | .472           |
| <b>UICCOM</b> | <b>137.1</b>                  | <b>737</b>     | <b>186,018</b>     | <b>339</b>     | <b>.460</b>    |
| UM            | 164.4                         | 959            | 171,453            | 359            | .374           |
| UCLA          | 303.8                         | 1,993          | 152,431            | 688            | .345           |
| OHSU          | 168.6                         | 1,168          | 144,339            | 479            | .410           |
| UW            | 144.2                         | 1,025          | 140,636            | 351            | .342           |
| UCHSC         | 170.3                         | 1,265          | 134,639            | 424            | .335           |
| UAB           | 191.2                         | 1,034          | 130,783            | 423            | .324           |
| UTSW          | 170.5                         | 1,304          | 130,783            | 423            | .324           |

\*Total faculty figures from AAMC Institutional Profile Information

## Vision for Research

**Carver College of Medicine Goal:**

***Move from 30 to 20 by 2015 in  
NIH Funding***





## University of Iowa Institute for Biomedical Discovery

Establishes a world-class setting in which scientists from across the University will collaborate to explore high-risk/high-yield scientific questions in the life sciences with the goal of advancing treatments for a wide array of human diseases.

In addition to stimulating and fostering cross-disciplinary research within the University, the Institute will enhance efforts to recruit outstanding scientists, increase opportunities for interdisciplinary coursework for students, and stimulate interest in life sciences research beyond traditional boundaries.

## **Clinical and Translational Science Award**

### **Major Goal**

To serve as a magnet that brings together basic, translational, and clinical investigators, community clinicians, clinical practices, networks, professional societies, and industry to develop new professional interactions, programs, and research projects

## Education at CCOM

- Nationally recognized for the development and quality of innovative education programs
- 894 faculty teach 586 *medical students*, 200 *associated medical science students*; train 646 *residents and fellows*, deliver and accredit *CME* throughout the state to promote education in *primary and specialty care*
- Premier facilities

## Demographics

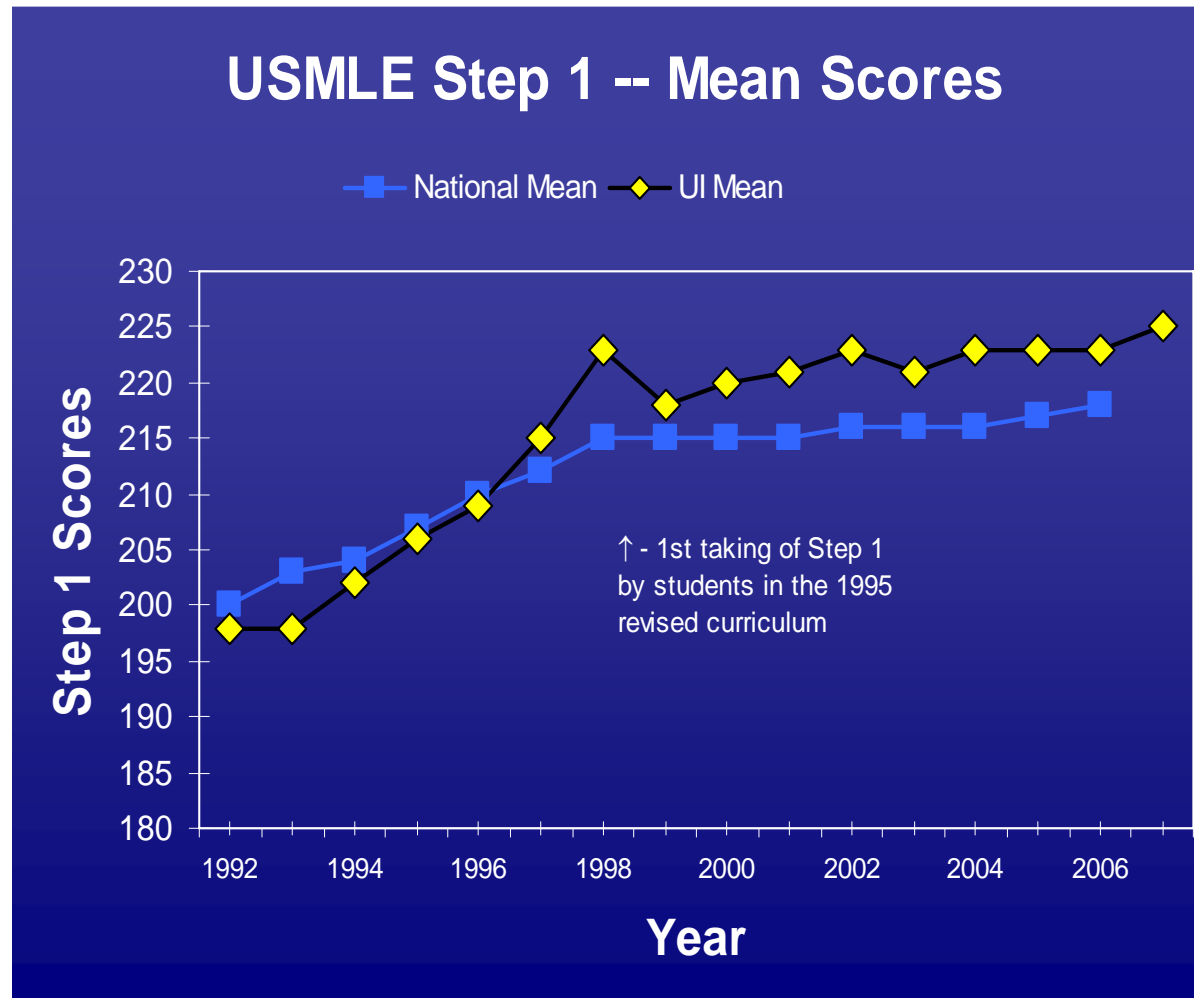
- 586 currently enrolled medical students
- Increased class size to 148
- 2007 MD entering class profile as of 8/13/07

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## Profile of the 2007 Entering Class Carver College of Medicine

- Number in class: 148
- Applications: 2,956
  - IA – 321; 99 admitted
  - NR – 2,635; 39 admitted
- Class Composition
  - Women: 66 (45%)
  - Under-represented Minority: 17 (11%)
  - Other Minority: 7 (5%)
- Combined Degree Programs
  - MSTP (MD/PhD) Students: 10
  - MD/MPH Students: 3
  - MD/MBA Students: 1

## Undergraduate Medical Education Outcomes



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## Undergraduate Medical Education Outcomes

### Step 2 Clinical Skills Pass Rate

| Class of | Iowa mean | National mean |
|----------|-----------|---------------|
| 2005     | 98        | 96            |
| 2006     | 98        | 96            |
| 2007     | 97        | 98            |
| 2008     | 99        | TBA           |

## Undergraduate Medical Education Outcomes

- 1% Academic attrition rate

| SELECTED CATEGORY              | IOWA<br>(Very Satisfied<br>or Satisfied) | ALL SCHOOLS<br>(Very Satisfied<br>or Satisfied) |
|--------------------------------|--|---|
| Responsive to Student Problems | 83%                                      | 70%   |
| Academic Counseling            | 74%                                      | 64%   |
| Financial Aid Services         | 84%                                      | 69%   |
| Faculty Mentoring              | 82%                                      | 69%   |

Source: AAMC 2007 National Graduation Questionnaire



## Graduate Medical Education

- 50% of 2007 graduating class entered primary care residency programs
- On average, 30% of CCOM students stay in-state for residency
- Residency training offered in all disciplines at UIHC
- 50% of IA practicing physicians received part or all of training at CCOM/UIHC or affiliated programs

## Continuing Medical Education

- Only nationally accredited CME program in Iowa
- 177 formal CME program offerings in 2006
  - 3,500 MD attendees from 65 of 99 counties
- Provides a network and support
- Competency requirement for credentialing in hospitals is likely to be mandated and can be addressed by CME programs

## Challenges: Retention at all levels

- Practicing physicians
  - Average net gain = 71 physicians each year
    - Net after an average of **264 leave** the state annually (primarily relocation of practice **not** retirement)
- UGME/GME - physicians more likely to practice where they complete their terminal training
  - IA ranks 6 of 50 states in # of medical students (osteopathic and allopathic) per 100,000 population (AAMC, 2006)
  - 30% of MD students stay in-state for residency; export the balance
  - IA ranks 30 of 50 states in # of GME trainees per 100,000 population (AAMC, 2006)
  - **IA is 1 of just 11 states** that exports more students than it imports GME trainees and 1 of 4 states with the highest export/import ratio

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## Challenges: Graduate Medical Education Cap

- Cost to UIHC
  - 646 residents and fellows
  - 506 positions funded by Medicare
  - 140 positions funded directly from UIHC/CCOM clinical revenue at a cost of ~\$14M annually
- Increasing # of trainees beyond cap: who will pay?
- Implications for IA if Medicare reform reduces or eliminates training subsidy

## Challenges: Cost of Medical Education (2006)

- **Tuition**

- resident medical student pays \$25,094/yr
- non-resident medical student pays \$41,124

- **Total cost of attendance**

- resident medical student: \$41,975/yr
- non-resident medical student: \$58,005

- **Average debt** of 2006 graduating class was \$116,000

***Upfront financial support (scholarships) are critical to sustain quality and retain lowans***

➤ ***Could link to practice in state***

# Internal Medicine at the University of Iowa

**Paul Rothman, MD**

Head of the Department of Internal Medicine

## Internal Medicine Outline

- What is “Internal Medicine”?
- The University of Iowa Department of Internal Medicine
  - Brief history
  - Current scope
    - The three missions
      - Research
      - Education
      - Clinical service
  - Vision statement

# Report to the Board of Regents



## Paul Rothman, M.D.

Wednesday, September 19, 2007

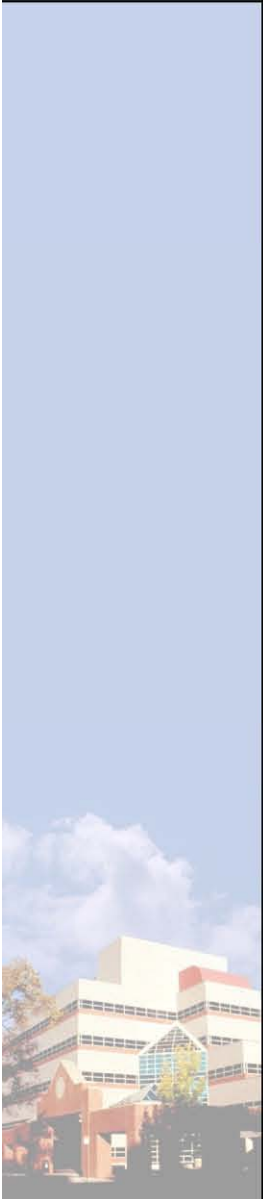






# According to Webster's

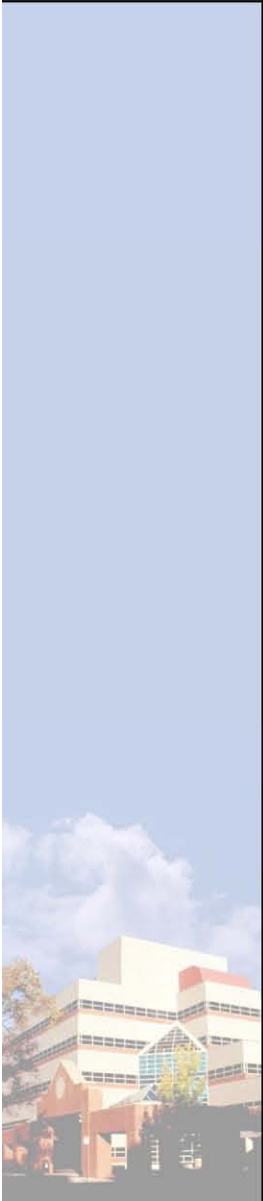
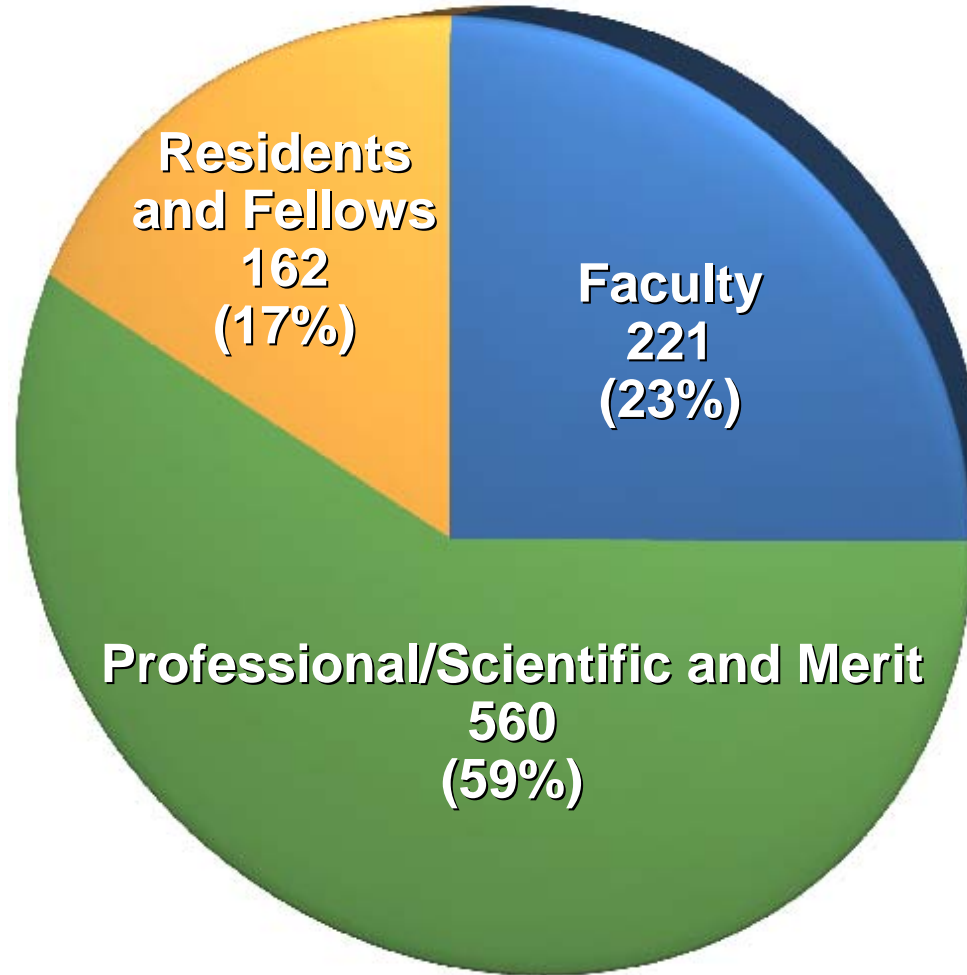
- *internal medicine* n : a branch of medicine that deals with the diagnosis and treatment of non-surgical diseases
- can be primary care generalist or specialist
  - allergy, cardiology, clinical pharmacology, endocrinology, gastroenterology, hepatology, hematology, oncology, infectious diseases, nephrology, pulmonary, critical care, rheumatology
- 3 to 6 years of training beyond medical school





# Department of Internal Medicine Personnel

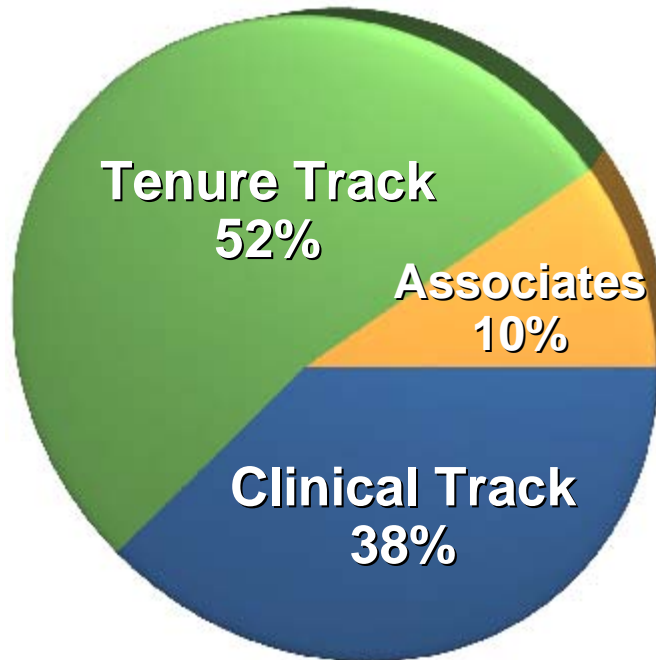
943



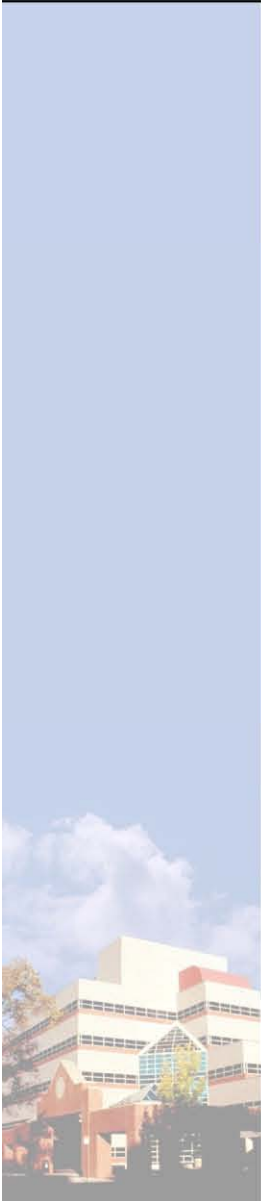
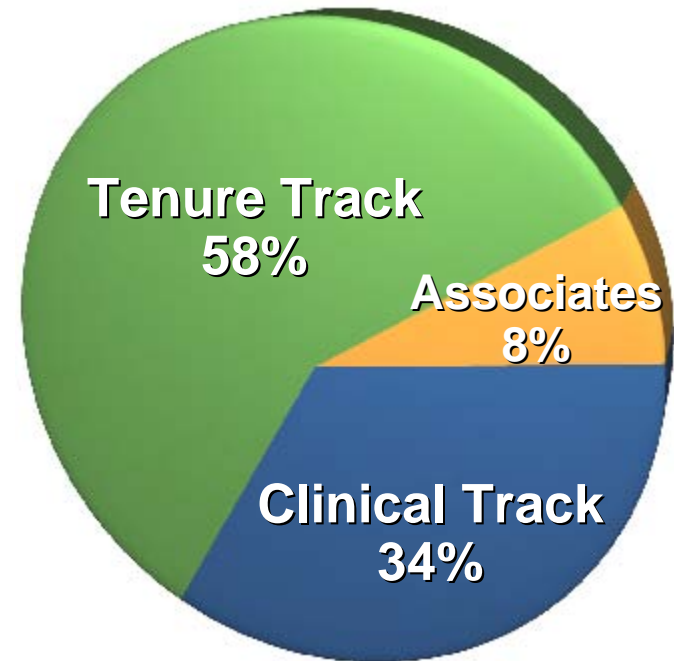


# Faculty - All

**Department of Internal Medicine**  
221



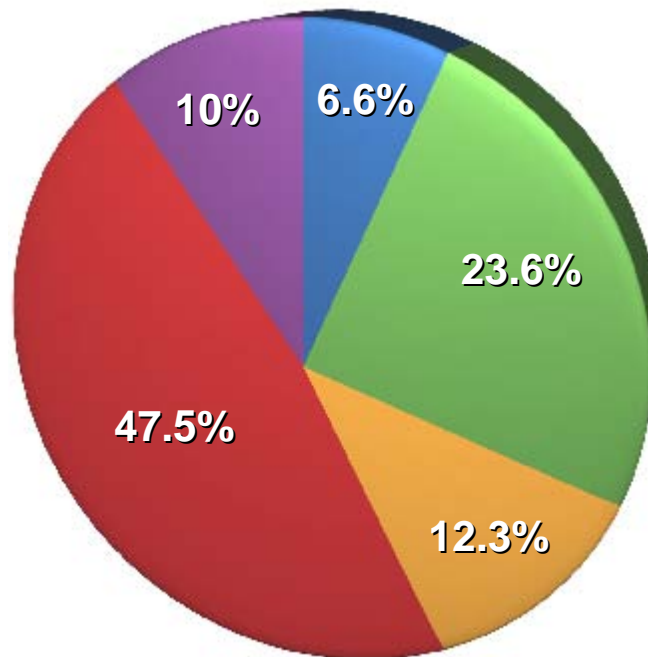
**Carver College of Medicine**  
896



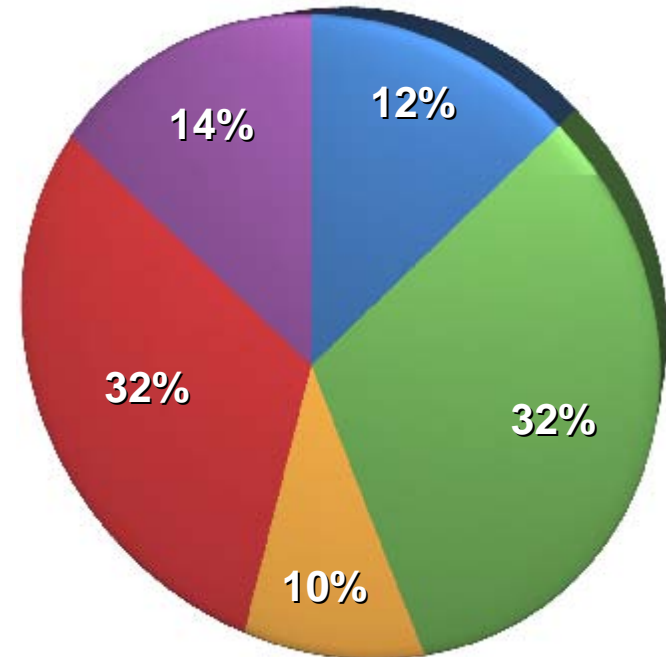


# Source of Expenditure - FY07

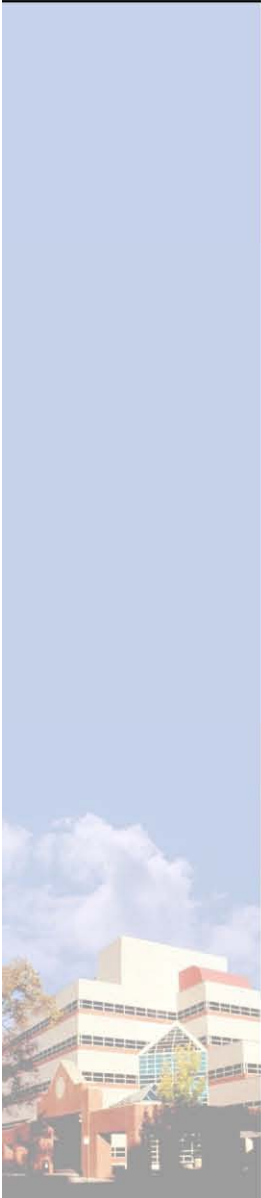
**Department of Internal Medicine**  
**\$107.7 M**



**Carver College of Medicine**  
**\$500.2 M**



- General Education and Special Appropriations
- University of Iowa Physicians
- UIHC/CCOM Joint Support
- Extramural Grants
- Other Professional Services





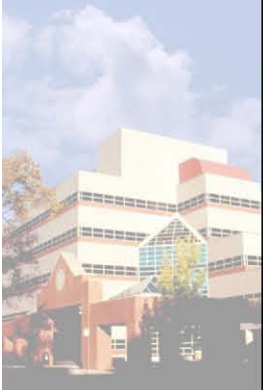
# Our Missions: Education

## ■ Pre-clinical teaching (M1 & M2)

- IM faculty provided 2,625 of 10,329 hours of teaching: 25% of entire Collegiate offering

## ■ Junior year (M3)

- Every student participates in 6 week inpatient rotation and 4 week ambulatory care rotation
- $\frac{3}{4}$  of M3s at UIHC and IC VAMC;  $\frac{1}{4}$  at Iowa Methodist and Des Moines VA

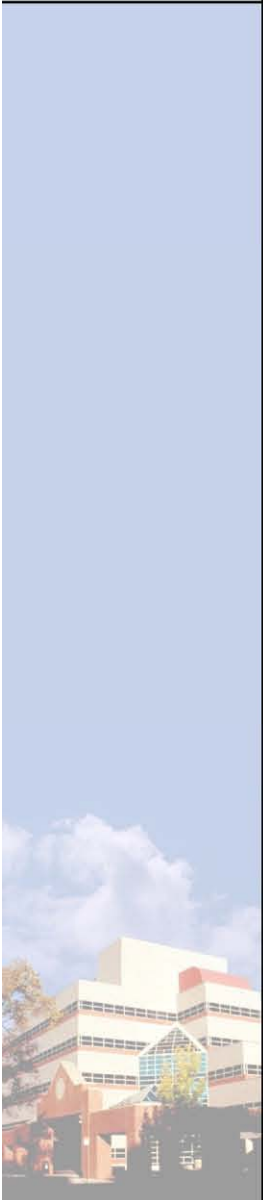




# Our Missions: Education

## ■ Senior year (M4)

- Electives in critical care, inpatient consult service, subinternship
- Innovative elective in longitudinal ambulatory care:
  - 1 clinic day a week, 40 weeks, one faculty member



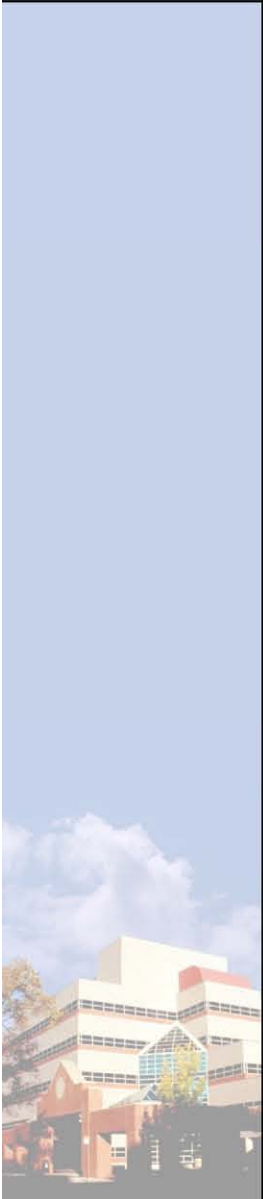


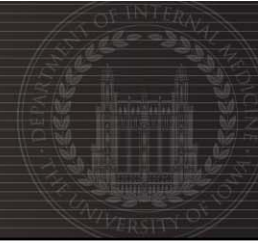


# Our Missions: Education

## ■ Residency Training

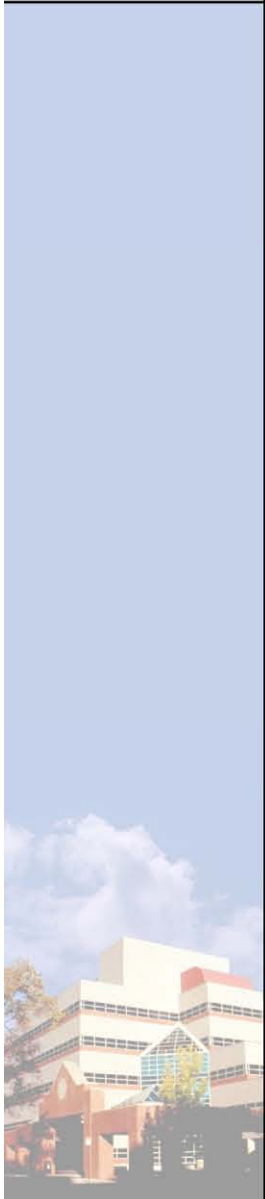
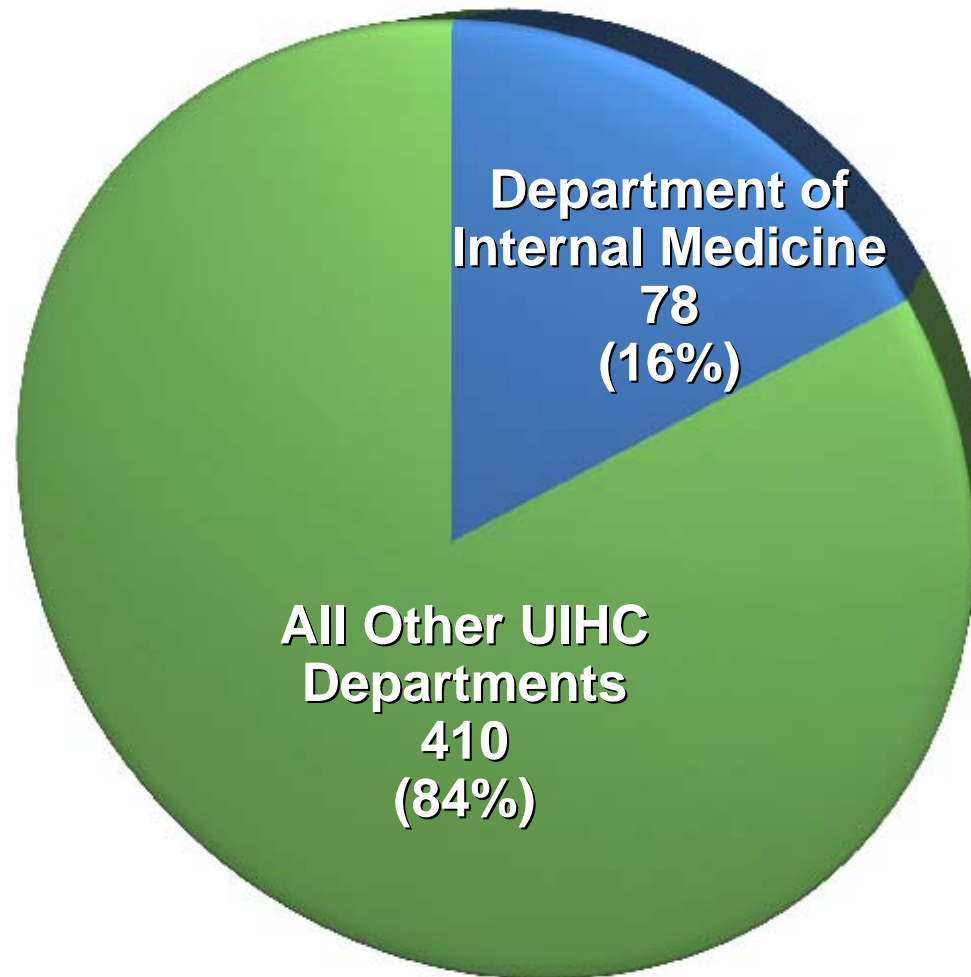
- 1645 applications received for 07-08
- 230 interviewed
- 27 new interns accepted





# Residents

**Total UIHC 488**

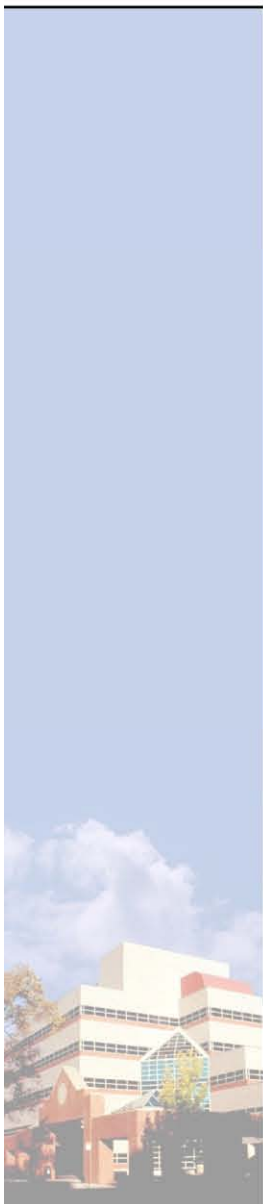
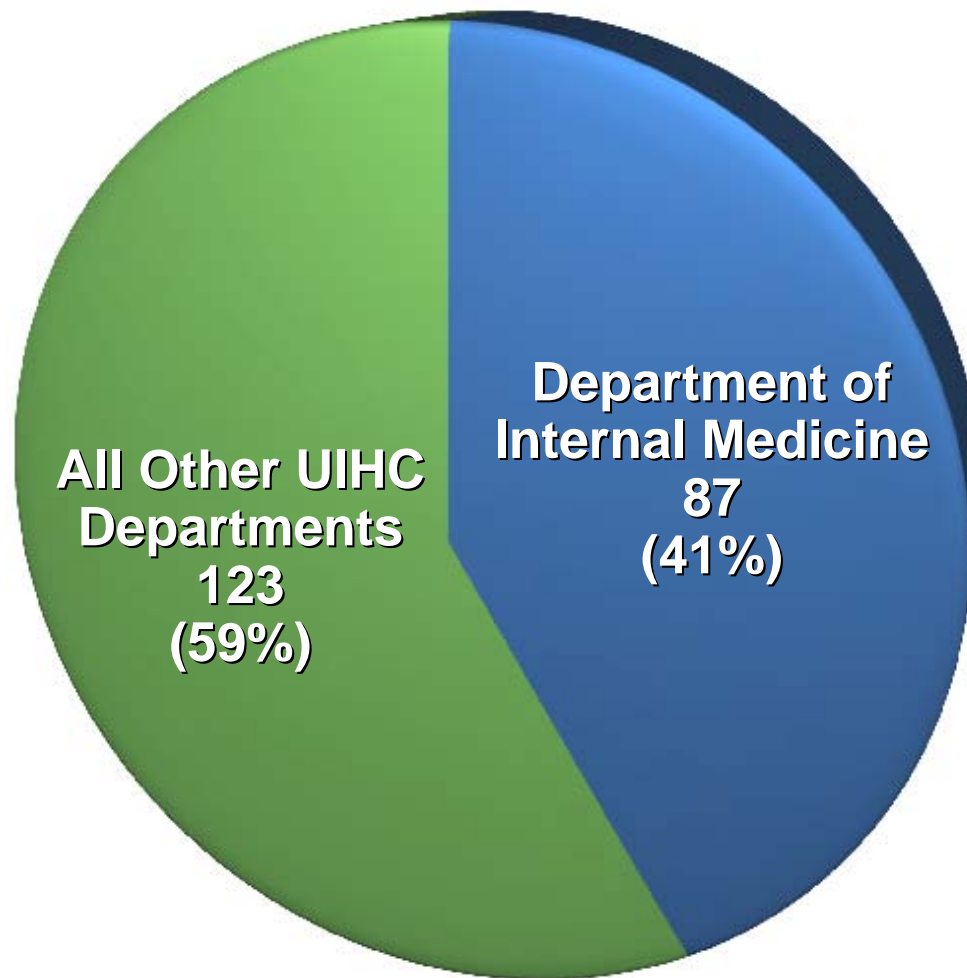


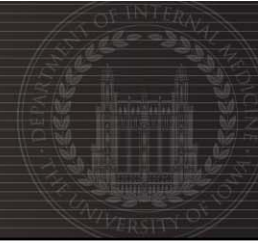




# Fellows

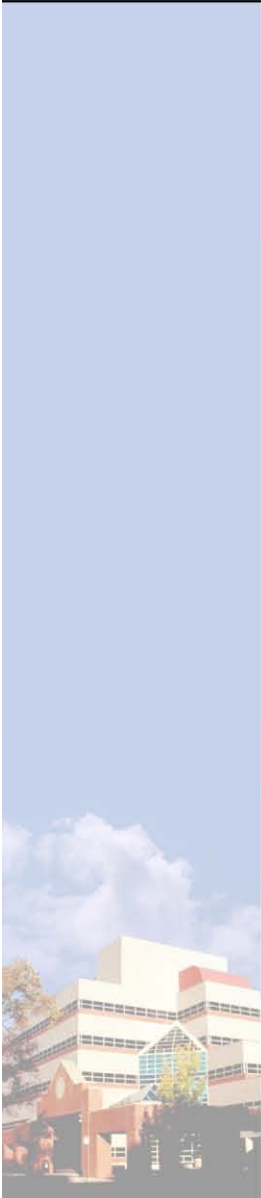
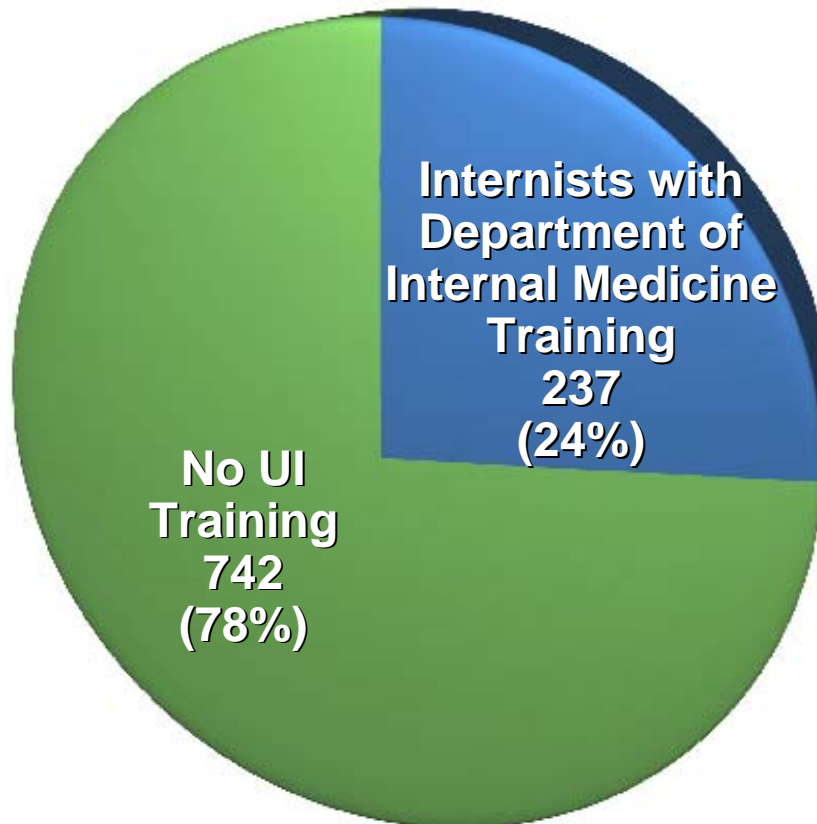
**Total UIHC 210**





# Our Missions: Education

## Iowa Internal Medicine Physicians Total 979





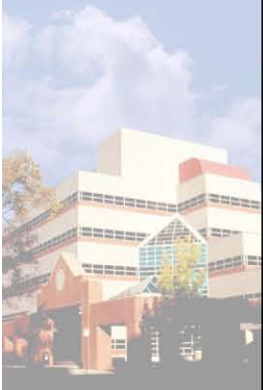
# Our Missions: Education

## ■ CME summary (06-07)

- 36 programs offering 152 hours of credit to 1,826 physicians, physician assistants and nurse practitioners (primarily Iowans)

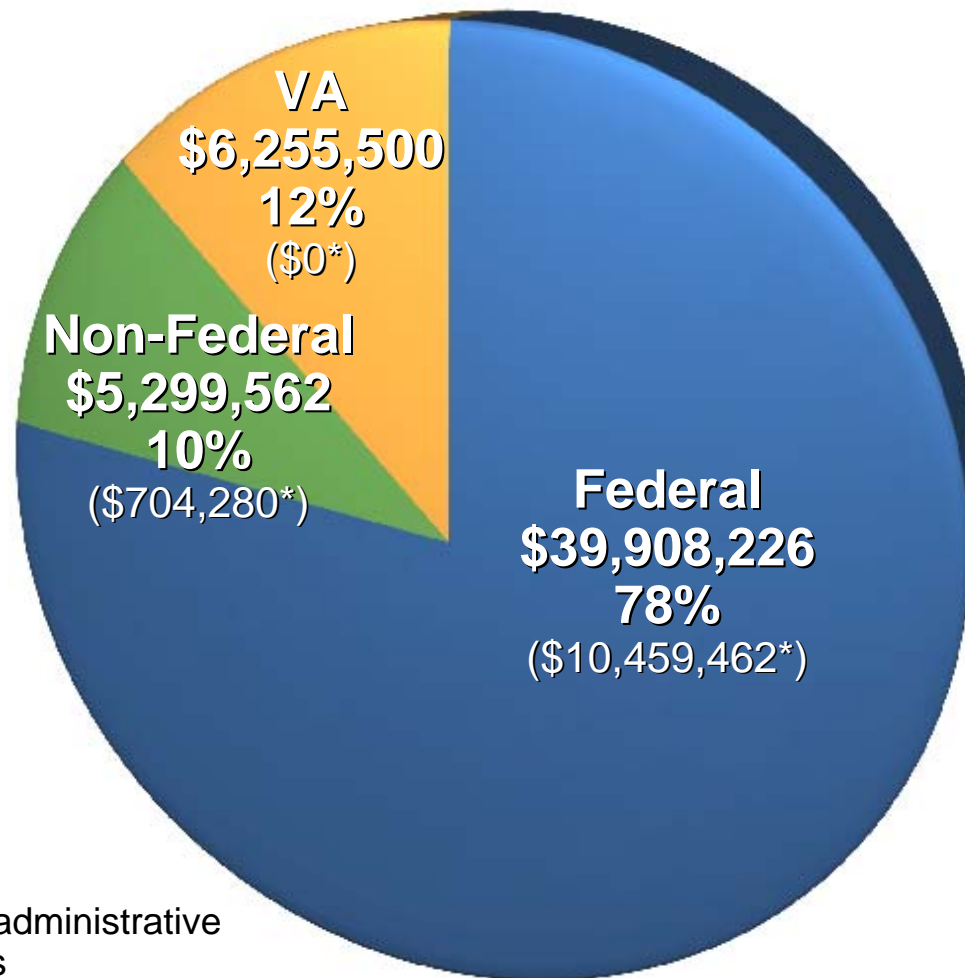
## ■ CME outreach

- Collegiate effort lead by IM faculty
- Programs in Dubuque, Burlington, Muscatine, Iowa City
- Potential: Cedar Rapids, Waterloo, Mason City, Council Bluffs

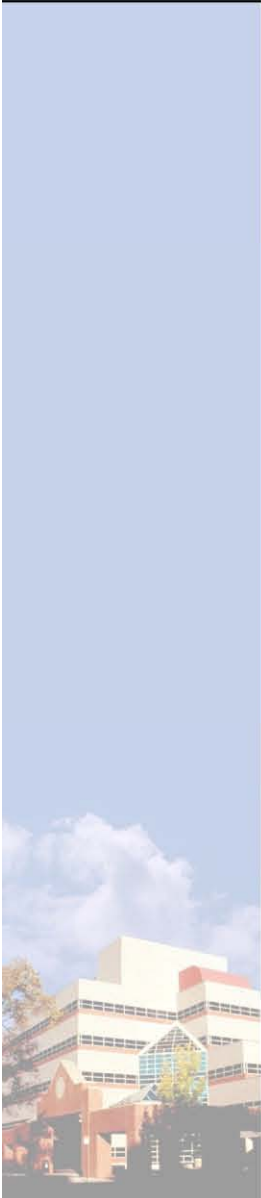


# Department of Internal Medicine Grants

**\$51,463,288 Total**  
(\$11,163,742 Indirect)



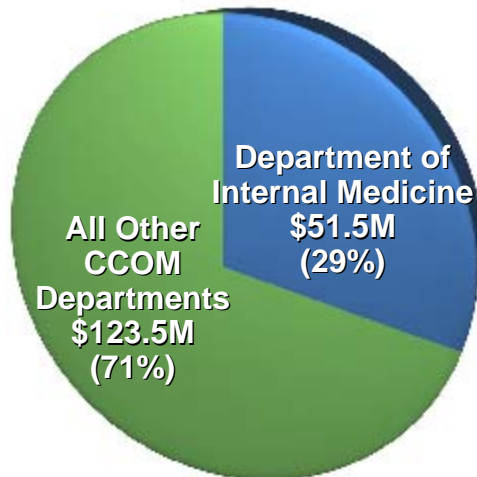
\* Facilities and administrative (indirect) costs





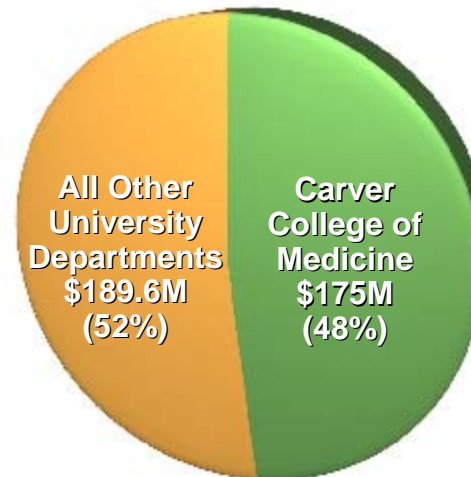
# Research Grants

**Department of  
 Internal Medicine  
 29% of CCOM**



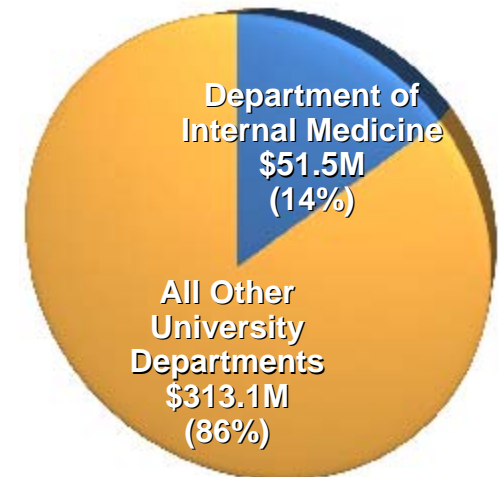
**Carver College  
 of Medicine  
 \$175M Total**

**CCOM 48%  
 of University**

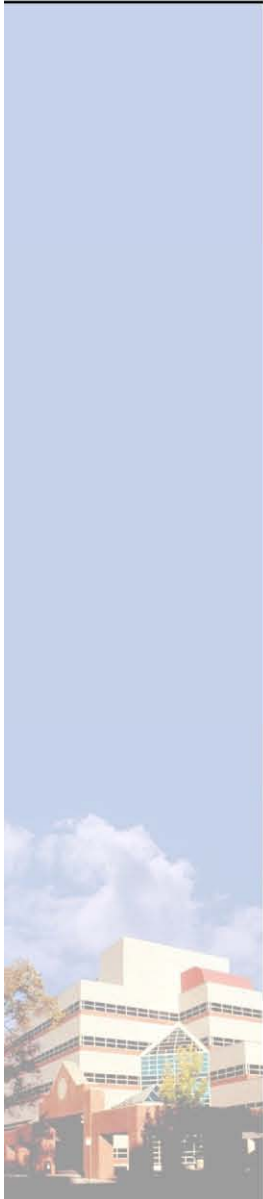


**University of Iowa  
 \$364.6M Total**

**Department of  
 Internal Medicine  
 14% of University**



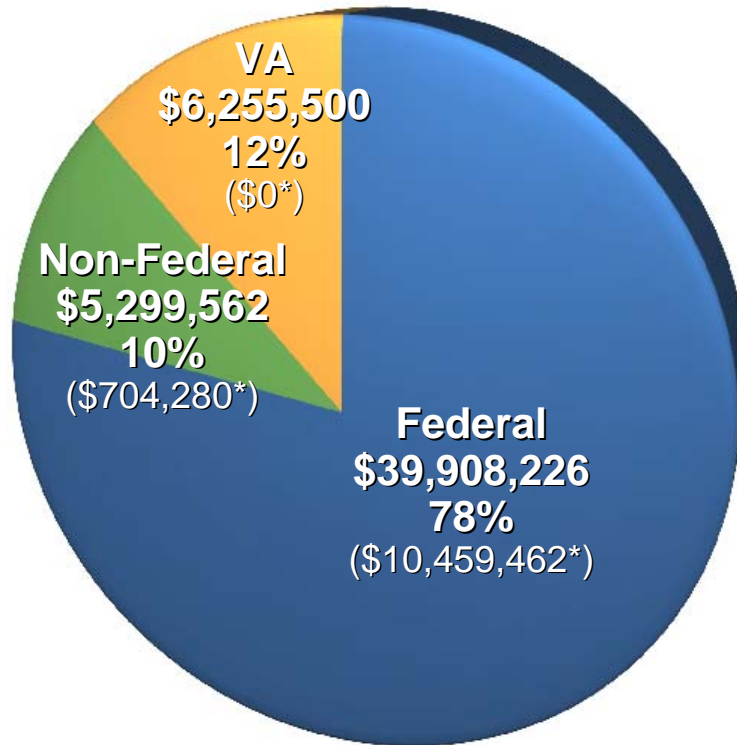
**University of Iowa  
 \$364.6M Total**



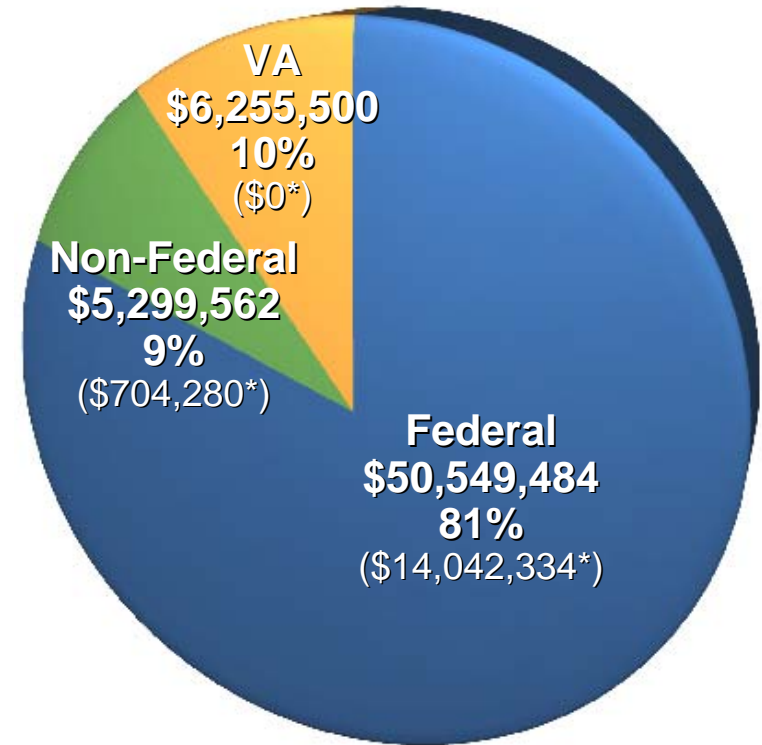


# Department of Internal Medicine Grants

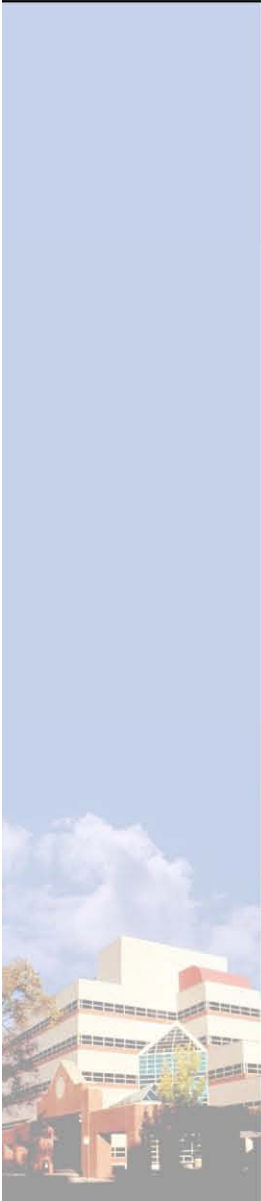
**FY07**  
**\$51,463,288 Total**  
(\$11,163,742 Indirect)



**Projected FY08**  
**\$65,002,334 Total**  
(\$14,746,614 Indirect)



\* Facilities and administrative (indirect) costs



# Our Missions: Research



## ■ Michael J. Welsh, MD

- Genetic causes and therapies of lung disease, including cystic fibrosis.
- Understand and develop treatments for brain diseases, including PTSD, anxiety, traumatic brain injury.



- Produce novel animal models to facilitate development of new treatments.





# Our Missions: Research

## ■ Beverly Davidson, PhD

- Genetic causes and potential therapies for central nervous system diseases with childhood onset
- Searching for new medical therapies for Huntington's disease and similar disorders
- Genetic modifiers in brain development and brain diseases



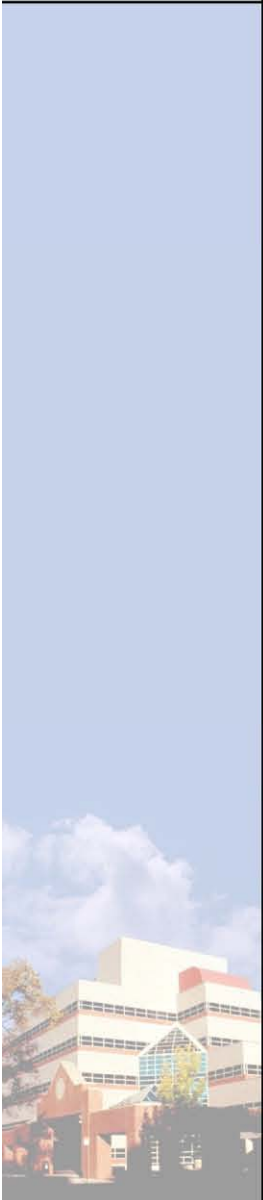


# Our Missions: Research



## ■ Gary E. Rosenthal, MD

- Improving health care quality
- Disseminating best practices
- Director, Center for Research in the Implementation of Innovative Strategies in Practice



# Our Missions: Research

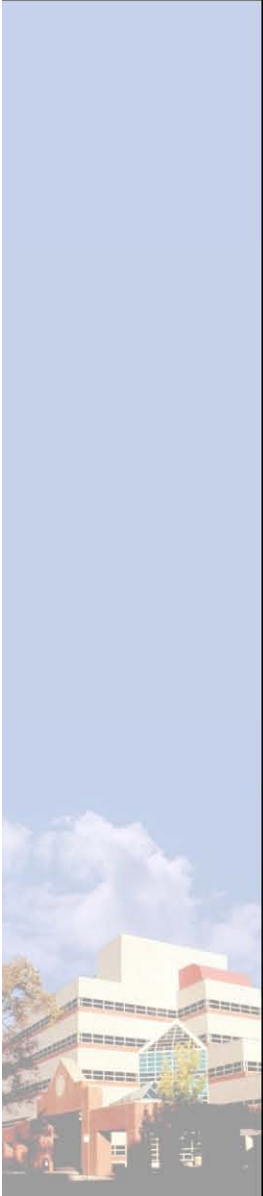


## ■ Patricia L. Winokur, MD

– Vaccine Center (\$38M over 7 years)

– **Goals:**

- to extend our armamentarium of vaccines for children, younger adults and the elderly
- to develop new ways to study vaccines by creating novel human models for testing vaccines

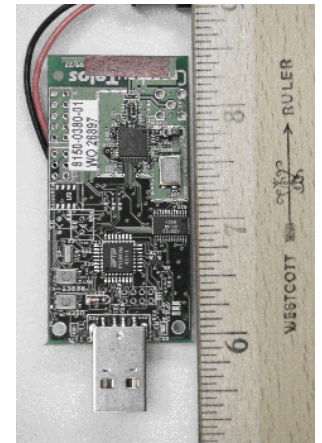


# Our Missions: Research

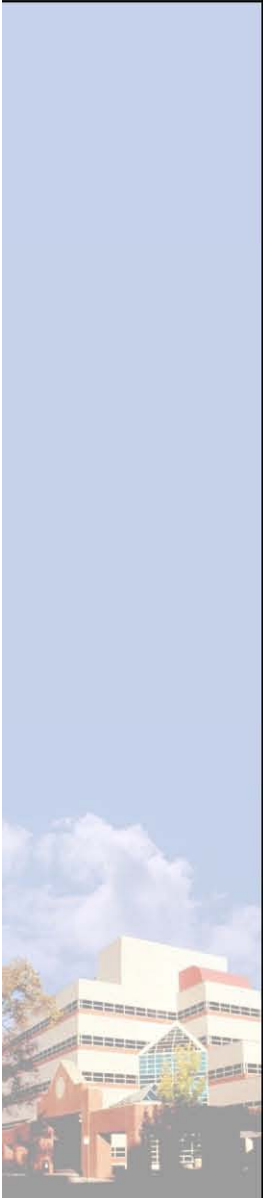


## ■ Philip M. Polgreen, MD, MPH

- Director of CDC's Infectious Diseases Society of America's Emerging Infections Network
  - links 1000 infectious disease specialists around the country to study emerging infections diseases
- Collaborating with the economists who founded the Iowa Electronic Market (IEM) to forecast seasonal influenza and avian influenza outbreaks
- Using novel approaches to study the spread of infections within hospitals and across the state of Iowa
  - Collaborating with computer scientists to use sensor motes to track patients and healthcare workers throughout the hospital setting



*Sensor Mote*

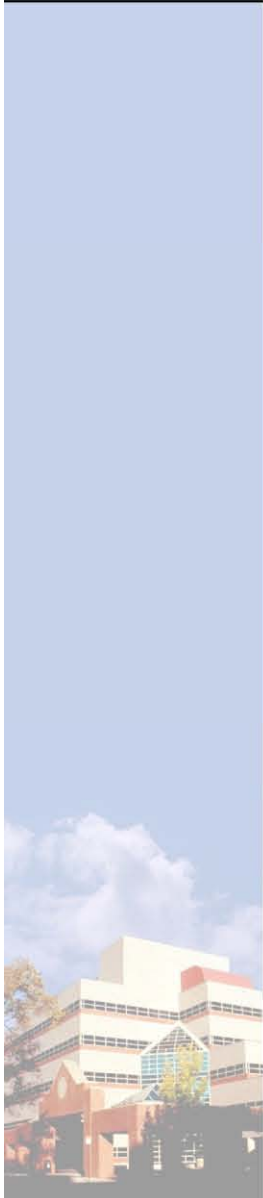
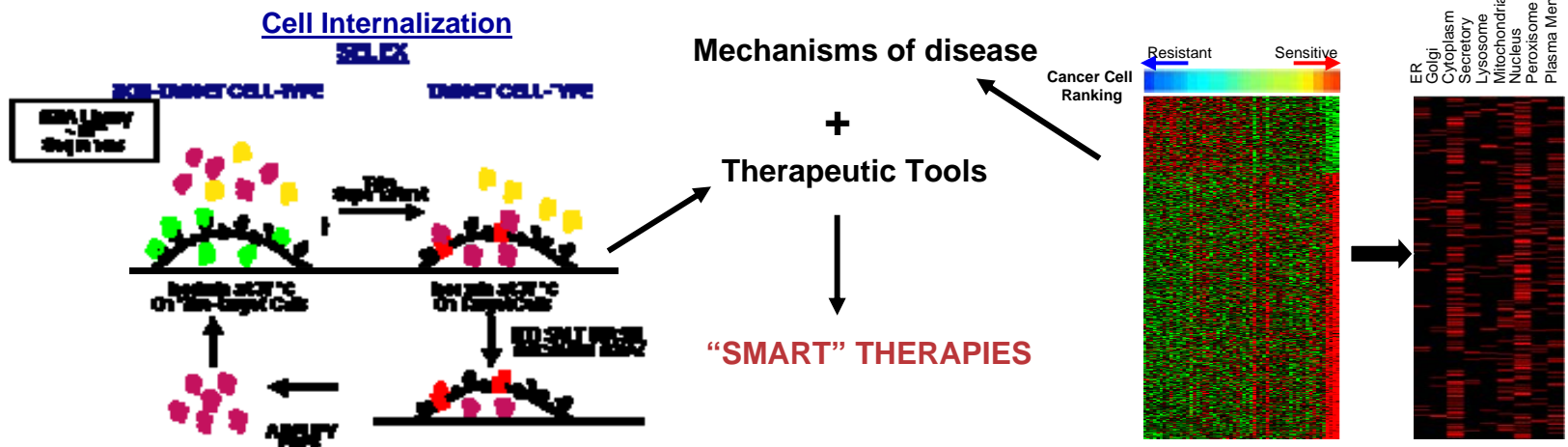




# Our Missions: Research

## ■ Paloma H. Giangrande, PhD

- Presidential Biological Scholar-U Iowa
- **Research Focus:**
  - Causes of uncontrolled cell growth in cancer and cardiovascular disease.
  - Development of targeted therapeutic agents with improved safety and efficacy profiles over conventional treatments.
- **Research Tools:**
  - SELEX technology (RNA aptamer-based screens)
  - Gene expression profiling and bioinformatics





# Our Missions: Research

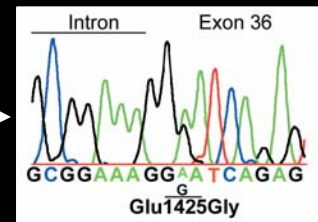
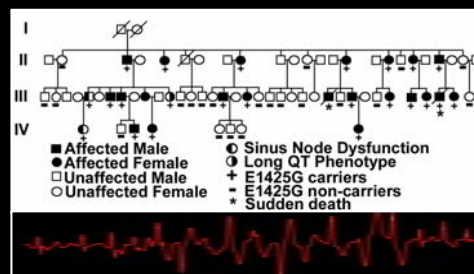


## ■ Peter J. Mohler, PhD

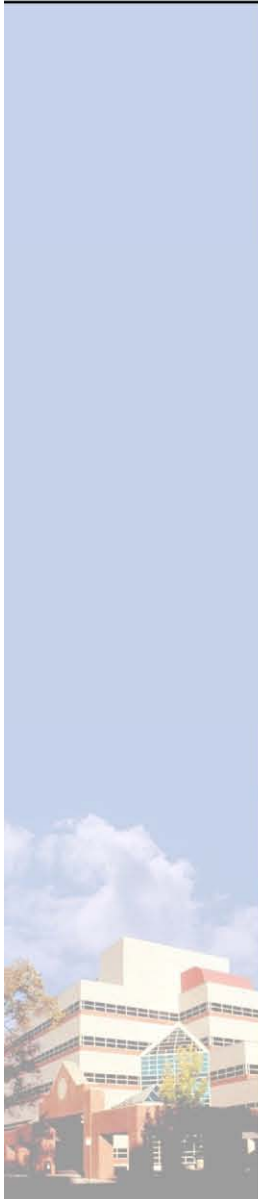


- Pew Scholar
- **Research focus:** Understanding how dysfunction in “excitable cells” leads to disease.
- Determined the genetic and cellular basis for fatal human cardiac arrhythmia syndromes.
- Goal is to identify novel therapies to regulate excitability and activity of neurons, myocytes, and pancreatic beta cells in human disease.

clinic → lab → clinic



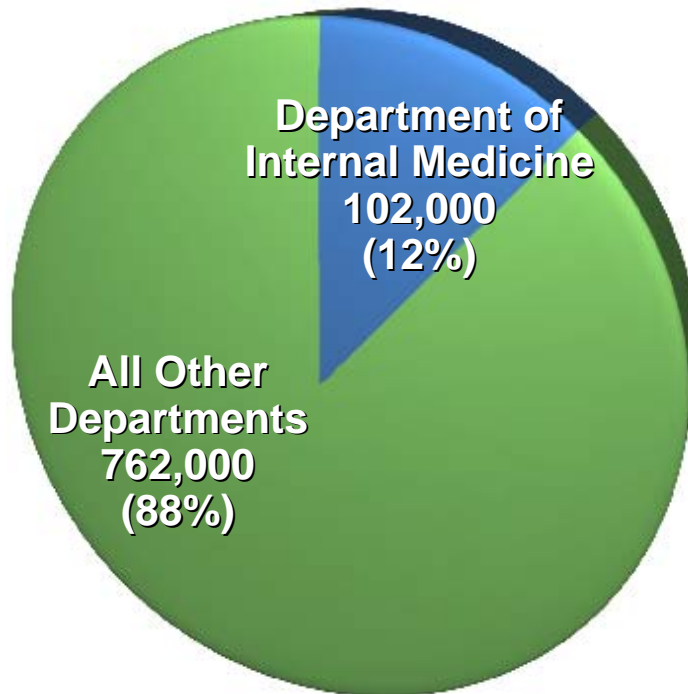
New screens  
for early  
detection  
and treatment.



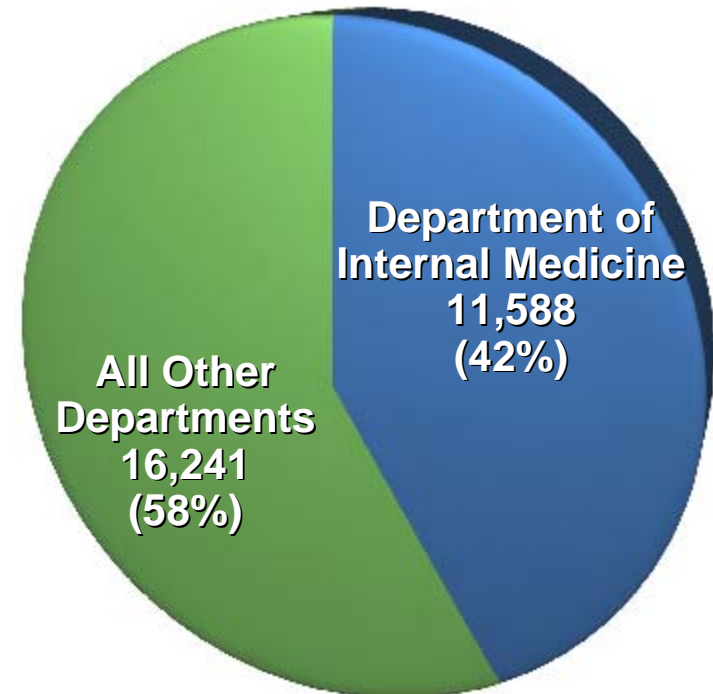


# Our Missions: Clinical Service

**Outpatient Visits**  
Total UIHC 864,000



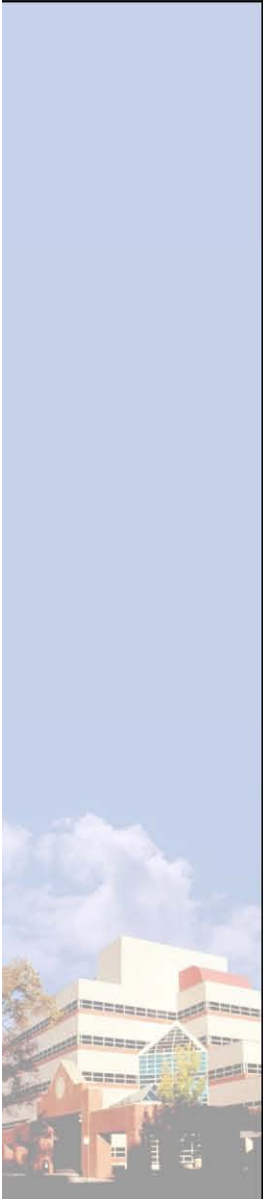
**Inpatient Admissions**  
Total UIHC 27,829



# Our Missions: Clinical Service



- **New Leadership**
  - **Cardiology**
  - **Endocrinology**
  - **Gastroenterology-Hepatology**
  - **Hematology-Oncology and BMT**
  - **Infectious Diseases**

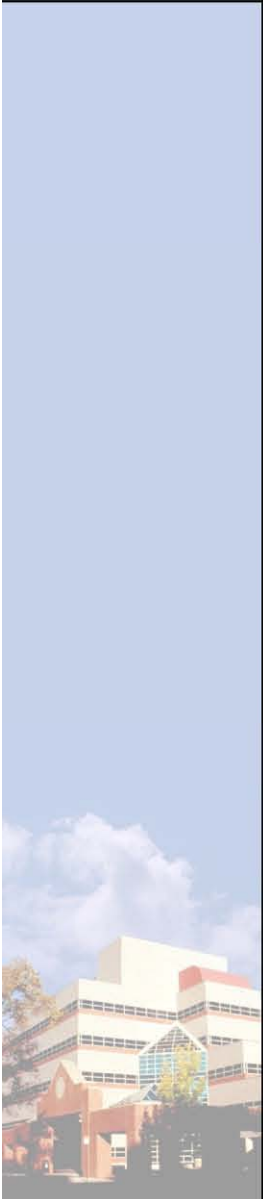


# Division Highlights



## ■ Allergy-Immunology

- Stem Cell Research and Therapy
- Nationally recognized clinical and diagnostic immunology service for patients with immune deficiencies



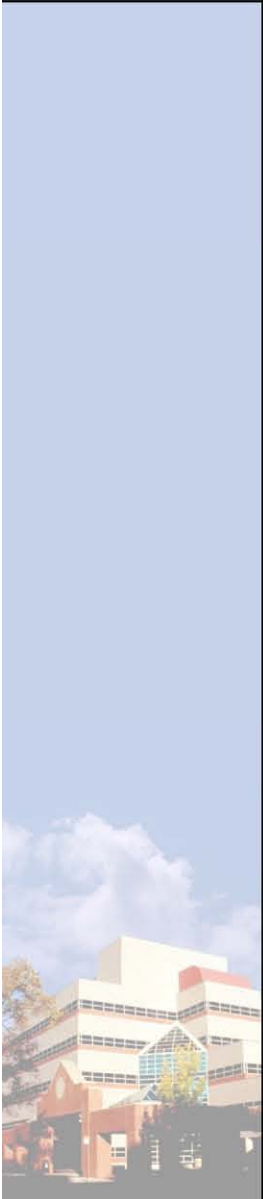


# Division Highlights



## ■ Cardiovascular Medicine

- Heart and Vascular Center with cutting edge imaging and treatment for heart failure, coronary disease, and arrhythmia
- Cardiovascular Research Center with programs in heart arrhythmia, vascular disease and hypertension
- Outreach to provide cutting edge technology to more lowans

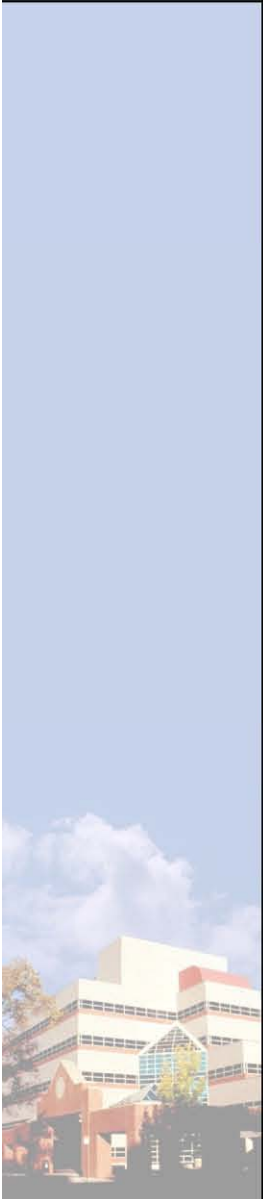




# Division Highlights

## ■ Endocrinology-Metabolism

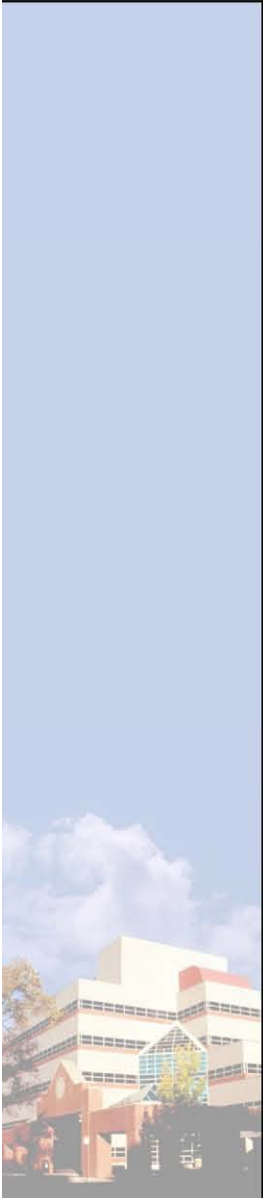
- Diabetes Center
- Endocrinology and Surgical clinic for the treatment of thyroid nodules and thyroid cancer
- Metabolic Bone Clinic
- Multi-disciplinary Weight Management Clinic



# Division Highlights



- **Gastroenterology-Hepatology**
  - World renowned motility program
  - Hepatology program and liver transplant program
  - Regional center of excellence in Inflammatory Bowel Disease
  - Regional center of excellence in advanced endoscopic procedures

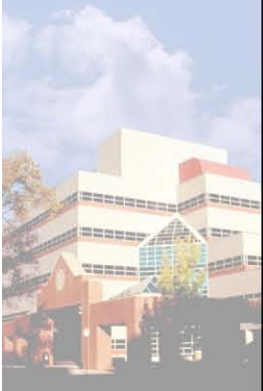


# Division Highlights



## ■ General Internal Medicine

- Provide integrated care to Iowans with multiple chronic diseases.
- Hospitalist program that has led to reductions in length of stay
- Quality improvement and dissemination and implementation of best clinical practices.

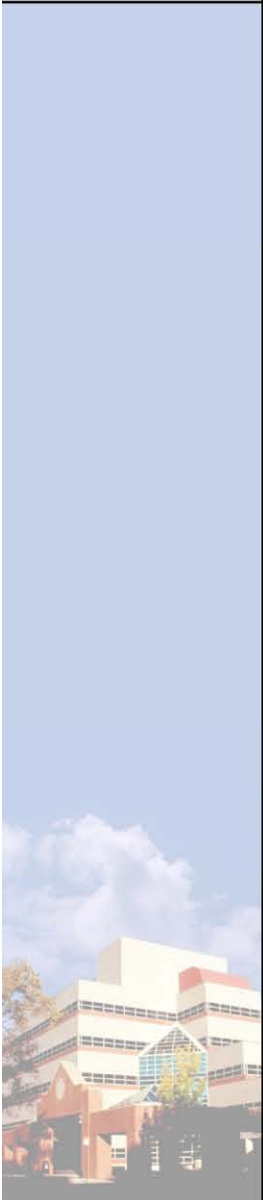


# Division Highlights



## ■ Hematology-Oncology

- Clinical research in sarcoma, lymphoma, melanoma and GI malignancies
- Holden Comprehensive Cancer Center Update: renewed NCI core support grant;
- Initiating a comprehensive breast cancer center
- Bone marrow transplants with programs in lymphoma and leukemia

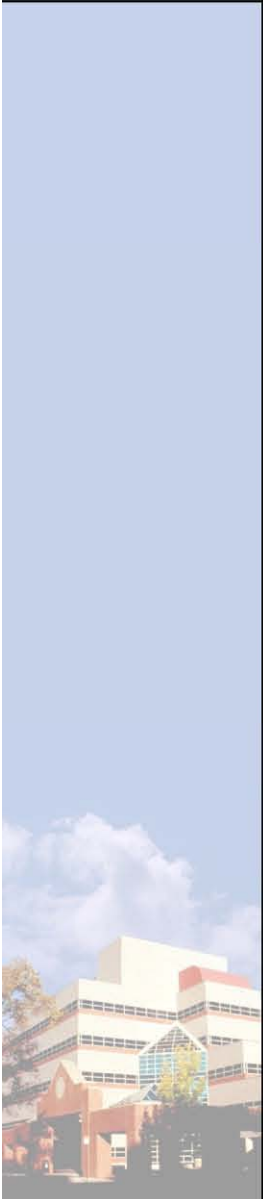


# Division Highlights



## ■ Nephrology

- One of first dialysis programs in the country
  - Currently evaluating the efficacy of home nocturnal dialysis
- Multidisciplinary kidney/pancreas transplant program
  - Major site for research in clinical transplantation
- One of only 7 NIH funded O'Brien Kidney Research Centers nationally
- Clinical Research center for kidney disease

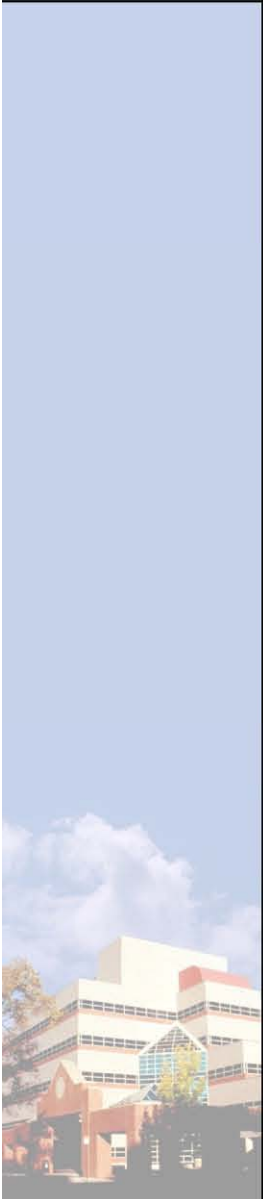


# Division Highlights



## ■ Pulmonary

- Leadership in critical care medicine
  - Opened new critical care unit and step-down unit
- Unique Imaging Program
- Initiated non-surgical lung reduction for COPD
- Lung Transplant

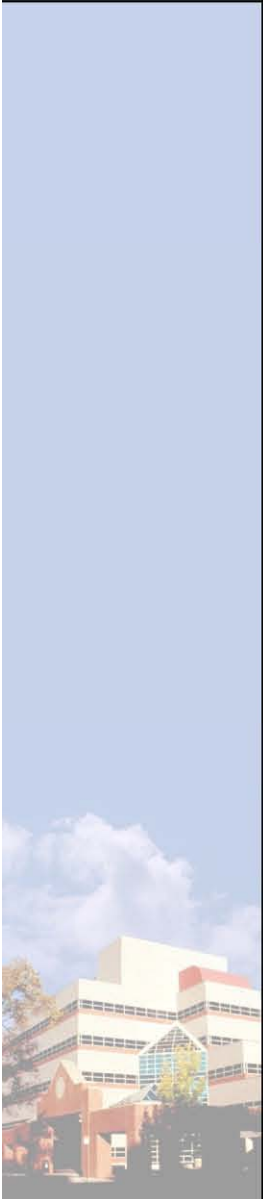






# Our Future: Clinical Service

- **Increase patient access**
- **Focus on quality and outcomes**
- **Improve communication with referring physicians**
- **Expand/create multidisciplinary programs**
  - Heart and Vascular Center
  - Holden Comprehensive Cancer Center
  - Transplant Center
  - Center for Digestive Diseases







## Our Future: Research

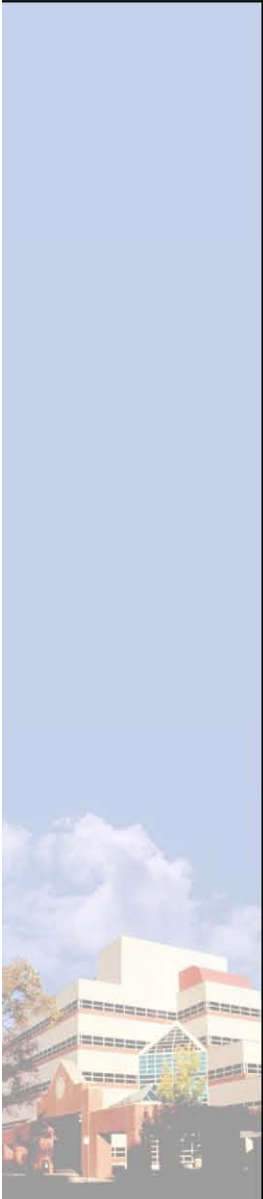
- Internal Medicine is the center for translational research at Iowa (CTSA)
- Expand human genetics research (individualized medicine)
- Increase interdisciplinary science with joint recruits – Bioinformatics and Imaging





# Our Future: Education

- **Cornerstone for health care to Iowans**
  - Develop education outreach for physicians in practice
  - Attract Iowa medical students to academic medicine
  - Continue to train physicians for Iowa communities



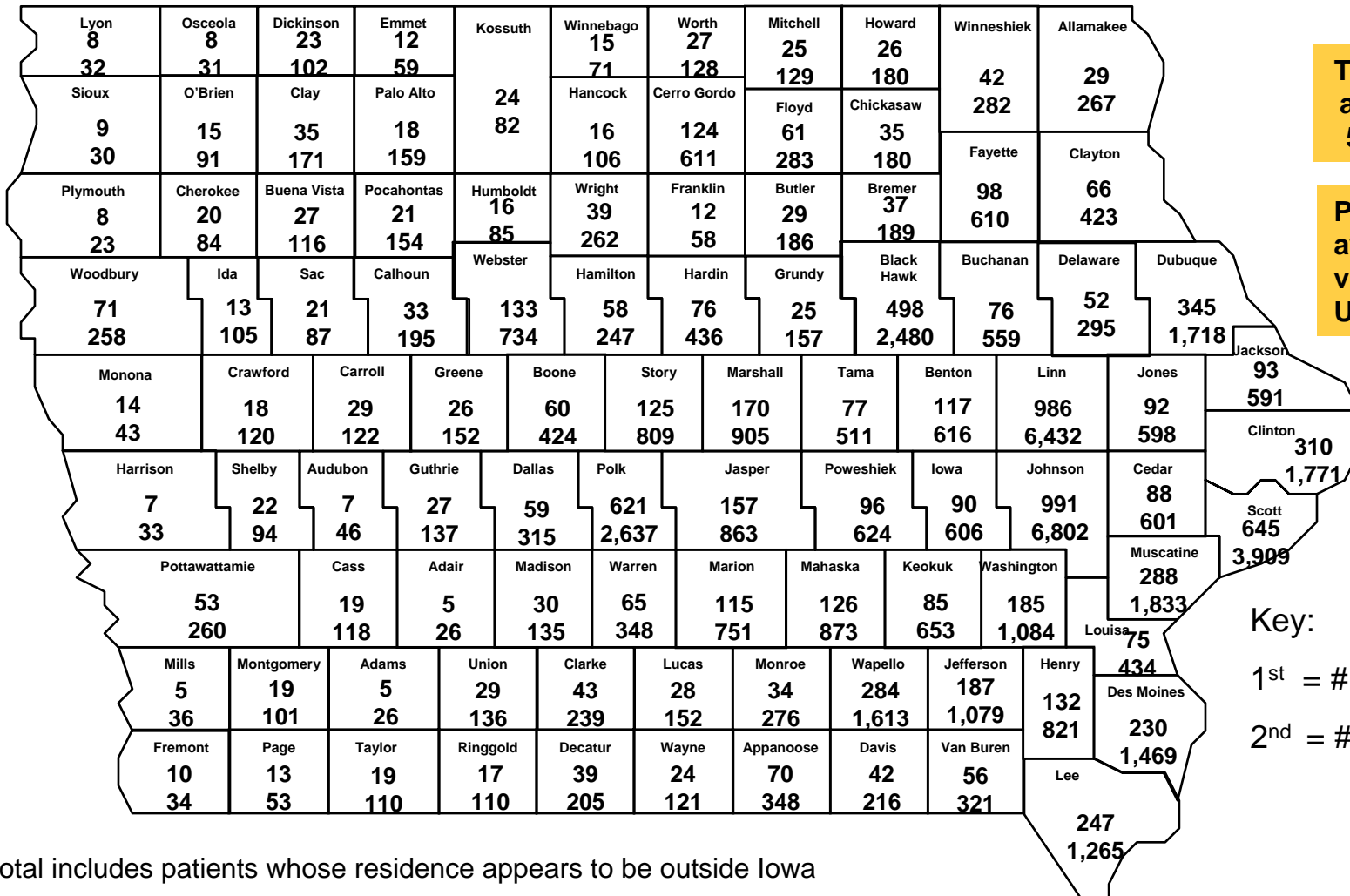
# **Healthcare Updates**

## **IowaCare Activity and Volume Review**

### **Donna Katen-Bahensky**

Senior Associate Vice President for Medical Affairs and Chief  
Executive Officer - UIHC

## 9,886 Unique IowaCare & Chronic Care Patients Were Seen at the UIHC Between July 1, 2006 and June 30, 2007



Total includes patients whose residence appears to be outside Iowa

It also includes patients for whom a claim has not yet been submitted to DHS

## **FY 07 IowaCare Funding for the University of Iowa Hospitals and Clinics**

- The Department of Human Services paid the University of Iowa Hospitals and Clinics all the dollars it was authorized to provide (the \$27.3 M appropriation plus \$3.7 M carry-forward from FY 06 plus the \$10.0M supplemental appropriation)

## UI Hospitals and Clinics Self-Funded Pilot Pharmaceutical and Durable Medical Equipment Programs in FY 07

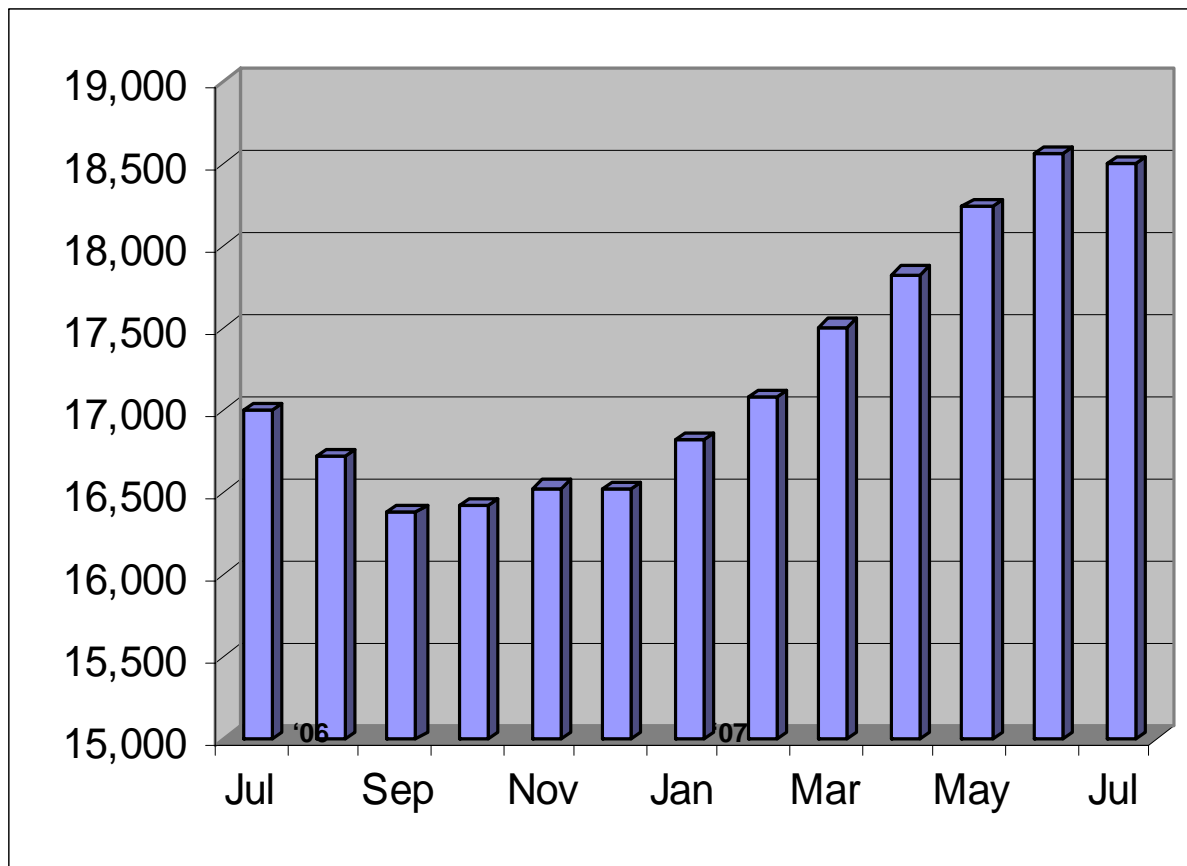
- On August 14, 2006, the University of Iowa Hospitals and Clinics implemented pilot programs without reimbursement to facilitate IowaCare beneficiary access to pharmaceuticals and durable medical equipment
- Through the end of FY 2007:
  - Over 109,500 prescriptions were filled at a cost for drugs, labor and shipping of approximately \$3.4M
  - Over 13,000 durable medical equipment items were provided at a cost in excess of \$456,000

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## UI Hospitals and Clinics Subsidized Patient Transportation Services Throughout FY 07

- The University of Iowa Hospitals and Clinics was paid \$0.30 per mile for the patient transportation it provides on a voluntary basis to and from an IowaCare beneficiaries' home using its fleet of 10 vans – in addition to these resources provided by the state, UIHC was able to provide additional funding in order to provide approximately 2,000 trips.
- Through the end of FY 2007:
  - Over 634,000 miles were traveled in making 1,999 round trips to facilitate in excess of 7,361 patient appointments
  - The State of Iowa contributed \$190,200
  - UIHC contributed \$800,000

## IowaCare & Chronic Care Enrollment (Net of Disenrollments) From July 1, 2006 Thru July 31, 2007



**FY 07 IowaCare enrollment dipped but then continued to grow. It is now at record levels.**

**Only 31% of the current enrollees are potentially eligible for services at Broadlawns while 100% are potentially eligible for services at the UI Hospitals and Clinics.**



## **FY 08 IowaCare Experience at the University of Iowa Hospitals and Clinics**

- 2,625 unique patients made 4,992 visits during the month of July
- Over 4,800 prescriptions were filled at a cost for drugs, labor and shipping of approximately \$205,000
- Nearly 50,000 miles were traveled to provide 170 roundtrips for 621 patients

## **FY 08 IowaCare Funding Concern for the University of Iowa Hospitals and Clinics**

- FY 08 dollars currently authorized for payment to the University of Iowa Hospitals and Clinics include the \$27.3M appropriation and a \$10.0M supplemental appropriation
- No carry-forward dollars from FY 07 are expected to be available for use in FY 08
- Given high volume levels and fewer dollars than were available last year, the currently authorized funding is anticipated to be insufficient
  - At the current time it is estimated approximately an additional \$12M will be required for FY 08

## **A 28E Agreement Pertaining to IowaCare in FY 08 Is Currently Being Negotiated**

- Per the laws of the 81<sup>st</sup> General Assembly, 2005 Session, CH. 167 (HF 841), Sec. 25(7), the State Board of Regents, on behalf of the University of Iowa Hospitals and Clinics, and the Department of Human Services, shall execute a 28E agreement annually with respect to IowaCare
- The current 28E agreement expired June 30, 2007
- Negotiations with the Department of Human Services are on-going

## Volume Indicators

### July 2006 through July 2007

|                                   | Actual | Budget | Prior Year | Variance to Budget | % Variance to Budget | Variance to Prior Year | % Variance to Prior Year |
|-----------------------------------|--------|--------|------------|--------------------|----------------------|------------------------|--------------------------|
| <b>Operating Review (YTD)</b>     |        |        |            |                    |                      |                        |                          |
| Admissions                        | 2,439  | 2,257  | 2,203      | 182                | 8.1% ●               | 236                    | 10.7% ●                  |
| Patient Days                      | 14,947 | 14,753 | 15,115     | 194                | 1.3% ○               | (168)                  | -1.1% ○                  |
| Length of Stay                    | 6.13   | 6.54   | 6.86       | (0.41)             | -6.3% ●              | (0.73)                 | -10.6% ●                 |
| Average Daily Census              | 482.16 | 475.90 | 487.58     | 6.26               | 1.3% ○               | (5.42)                 | -1.1% ○                  |
| Surgeries – Inpatient             | 872    | 919    | 848        | (47)               | -5.1% ●              | 24                     | 2.8% ●                   |
| Surgeries – Outpatient            | 909    | 973    | 898        | (64)               | -6.6% ●              | 11                     | 1.2% ○                   |
| Emergency Treatment Center Visits | 3,488  | 3,223  | 3,244      | 265                | 8.2% ●               | 244                    | 7.5% ●                   |
| Outpatient Clinic Visits          | 56,718 | 53,029 | 51,769     | 3,689              | 7.0% ●               | 4,949                  | 9.6% ●                   |
| Case Mix                          | 1.6749 | 1.7397 | 1.6790     | -0.0648            | -3.7%                | -0.0041                | -0.2%                    |
| Medicare Case Mix                 | 1.7873 | 1.9286 | 1.6564     | -0.1413            | -7.3%                | 0.1309                 | 7.9%                     |

● Greater than 2.5% Favorable     
 ○ Neutral     
 ● Greater than 2.5% Unfavorable

## Admissions by Type

### July 2006 through July 2007




|                               | Actual       | Budget       | Prior Year   | Variance to Budget | % Variance to Budget | Variance to Prior Year | % Variance to Prior Year |
|-------------------------------|--------------|--------------|--------------|--------------------|----------------------|------------------------|--------------------------|
| <b>Operating Review (YTD)</b> |              |              |              |                    |                      |                        |                          |
| Med/Surg                      | 1,853        | 1,724        | 1,658        | 129                | 7.5% ●               | 195                    | 11.8% ●                  |
| Psych                         | 209          | 178          | 169          | 31                 | 17.2% ●              | 40                     | 23.7% ●                  |
| Pediatrics w/o Newborn        | 202          | 198          | 212          | 4                  | 2.0% ○               | (10)                   | -4.7% ●                  |
| <i>Newborn</i>                | 126          | 112          | 130          | 14                 | 12.0% ●              | (4)                    | -3.1% ●                  |
| OB                            | 175          | 156          | 164          | 19                 | 12.0% ●              | 11                     | 6.7% ●                   |
|                               |              |              |              |                    |                      |                        |                          |
| <b>TOTAL w/o Newborn</b>      | <b>2,439</b> | <b>2,257</b> | <b>2,203</b> | <b>182</b>         | <b>8.1% ●</b>        | <b>236</b>             | <b>10.7% ●</b>           |

|                                |         |                                  |
|--------------------------------|---------|----------------------------------|
| ●                              | ○       | ●                                |
| Greater than<br>2.5% Favorable | Neutral | Greater than<br>2.5% Unfavorable |

## Average Length of Stay by Type









### July 2006 through July 2007




|                               | Actual      | Budget      | Prior Year  | Variance to Budget | % Variance to Budget | Variance to Prior Year | % Variance to Prior Year |
|-------------------------------|-------------|-------------|-------------|--------------------|----------------------|------------------------|--------------------------|
| <b>Operating Review (YTD)</b> |             |             |             |                    |                      |                        |                          |
| Med/Surg                      | 5.16        | 5.63        | 5.82        | (0.47)             | -8.3% ●              | (0.66)                 | -11.3% ●                 |
| Psych                         | 8.80        | 10.34       | 11.15       | (1.54)             | -14.9 ●              | (2.35)                 | -21.1% ●                 |
| Pediatrics w/o Newborn        | 14.74       | 13.31       | 13.79       | 1.43               | 10.8% ●              | 0.95                   | 6.9% ●                   |
| <i>Newborn</i>                | 2.20        | 2.38        | 2.20        | (0.18)             | -7.7% ●              | (0.00)                 | -0.0% ○                  |
| OB                            | 3.24        | 3.67        | 4.01        | (0.43)             | -11.8% ●             | (0.77)                 | -19.2% ●                 |
|                               |             |             |             |                    |                      |                        |                          |
| <b>TOTAL w/o Newborn</b>      | <b>6.13</b> | <b>6.54</b> | <b>6.86</b> | <b>(0.41)</b>      | <b>-6.3% ●</b>       | <b>(0.73)</b>          | <b>-10.6% ●</b>          |

|   |   |   |
|---|---|---|
|  |  |  |
| Greater than<br>2.5% Favorable  | Neutral   | Greater than<br>2.5% Unfavorable  |

# Emergency Treatment Center

## July 2006 through July 2007

|                               | Actual | Budget | Prior Year | Variance to Budget | % Variance to Budget  | Variance to Prior Year | % Variance to Prior Year  |
|-------------------------------|--------|--------|------------|--------------------|---|------------------------|---|
| <b>Operating Review (YTD)</b> |        |        |            |                    |   |                        |   |
| ETC Visits                    | 3,488  | 3,223  | 3,244      | 265                | 8.2%   | 244                    | 7.5%   |
| ETC Admits                    | 1,024  | 919    | 901        | 105                | 11.4%  | 123                    | 13.7%  |
| Conversion Factor             | 29.4%  | 28.5%  | 27.8%      |                    | 3.2%   |                        | 5.7%   |
| ETC Admits / Total Admits     | 42.0%  | 40.7%  | 40.9%      |                    | 3.2%   |                        | 2.7%   |

|   |   |   |
|---|---|---|
| <br><b>Greater than<br/>2.5% Favorable</b> | <br><b>Neutral</b> | <br><b>Greater than<br/>2.5% Unfavorable</b> |
|---|---|---|

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## Updates

- CMO Search
  - Korn/Ferry International
    - Curt Lucas and Dr. Glenn Davis
  - Search committee formed, chaired by Dr. Iannettoni and Bill Hesson
  - Working on position description
  - Firm to bring back potential candidates in 6 weeks
- CNO Search
  - Heidrick & Struggles
    - Heather Kopecky
  - Search committee, chaired by Dr. Dickson and Heidi Nobiling, will have first round of interviews with candidates on September 12
- Recruitment
  - Larry Williams, Associate Director for Administration for the Holden Comprehensive Cancer Center



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## Updates (cont'd)

- Food Drive Results
  - UIHC participated in the Thanksgiving in July Community-Wide Food Drive for the Johnson County Crisis Center Food Bank
  - The community collected about 20 tons of food, with UIHC contributing 16% of the total – 3.18 tons
- Grand Openings
  - Women's Health Center
  - Neurosurgery Clinic
  - NICU Bay 5
- IHA Hero Award
  - Kathy Duttlinger, UIHC
  - Award will be presented at annual IHA meeting in October

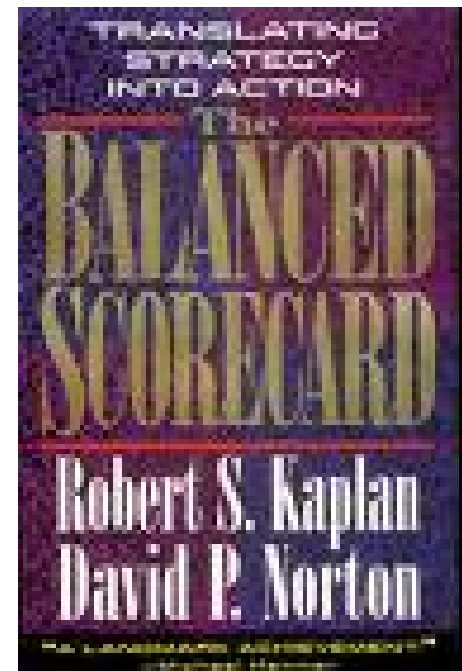
# Balanced Scorecard Overview

## Donna Katen-Bahensky

Senior Associate Vice President for Medical Affairs and Chief  
Executive Officer - UIHC

## Origin of the Balanced Scorecard

- Developed by Kaplan & Norton at Harvard in 1992-1995
- “The Balanced Scorecard” was published in 1996
- Recognizing the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective



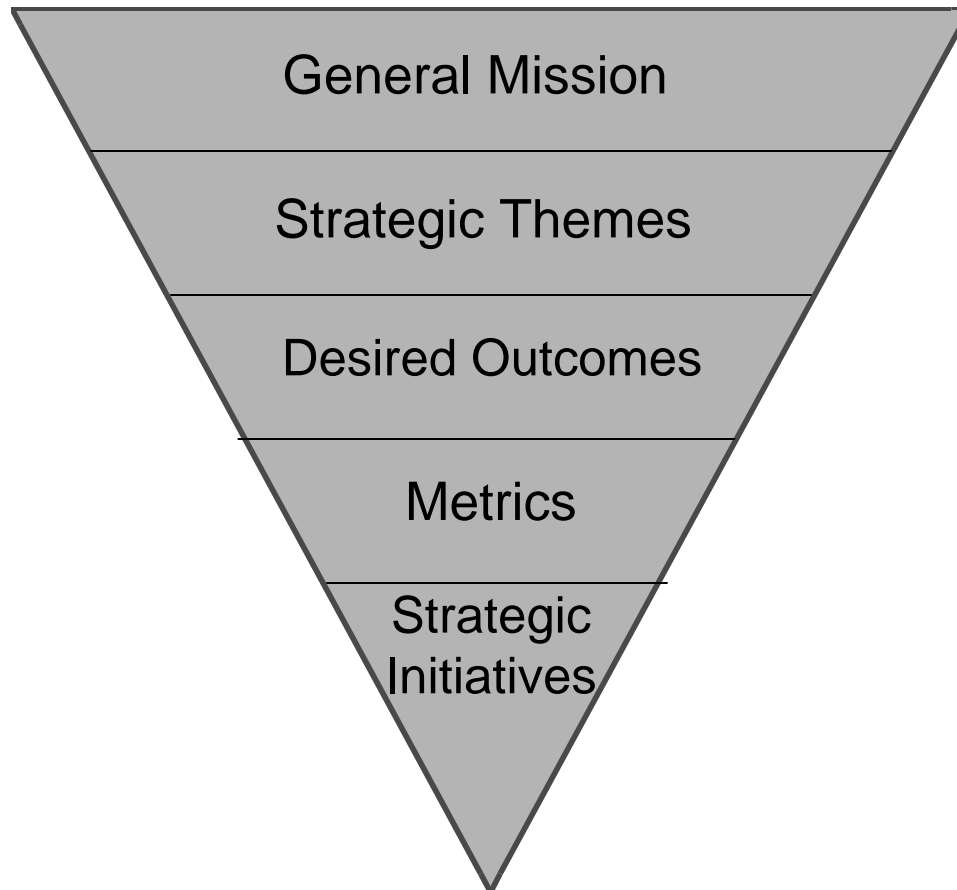
## The Balanced Scorecard

- The balanced scorecard is a **management system** that enables organizations to clarify their vision and strategy and translate them into action
- Provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results
- Key element is focusing not only on financial outcomes but also on the human issues that drive those outcomes, so that organizations focus on the future and act in their long-term best interest
- Balances a financial perspective with customer, process, and employee perspectives
- Is a communication tool to make strategy clear to everyone
- Provides a system for increasing accountability
- Helps align the organization vision with human and capital resources, as well as day-to-day operations

## Balanced Scorecard Benefits and Limitations

- Benefits
  - Allows for organizational learning
  - Provides rationale for planning and budgeting
  - Facilitates improvement
  - Raises visibility and progress
  - Supports accountability
  - Allows for comparison with other organizations
  
- Limitations
  - Requires high level ongoing organizational commitment
  - Change creates anxiety
  - Measurements don't solve anything

## Developing a Balanced Scorecard



What do we do?

What is important to us?

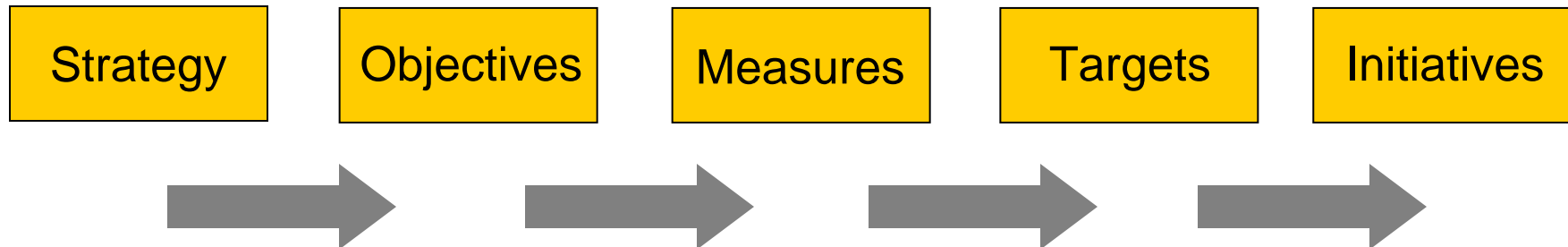
What results do we want?

How will we know when we have achieved the results?

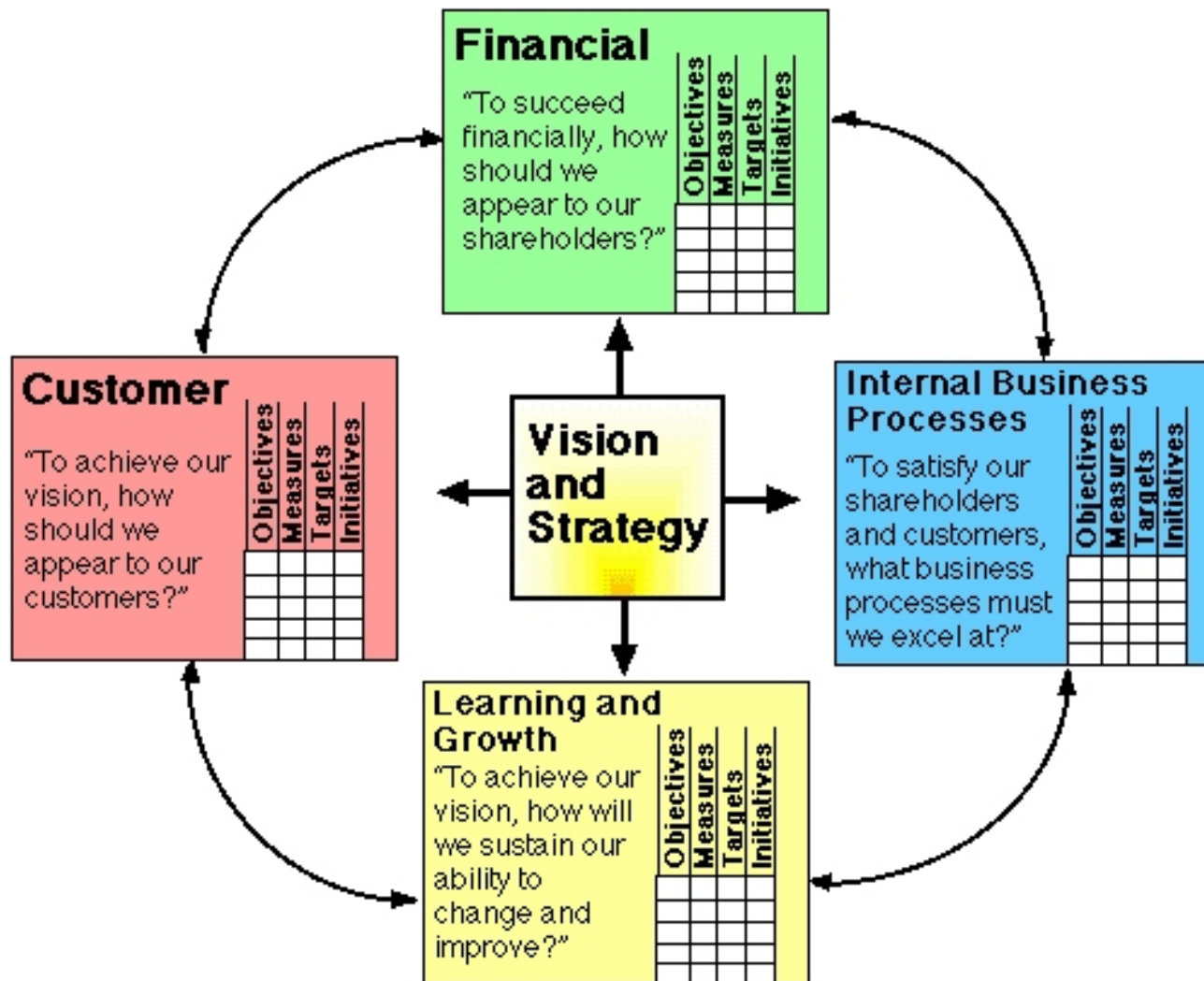
What actions do we believe will lead to the desired results?

## Developing a Balanced Scorecard (cont'd)

- Step 1: Organizational Assessment
- Step 2: Define Strategic Themes
- Step 3: Define Perspectives & Desired Outcomes
- Step 4: Define Performance Measures and Targets
- Step 5: Develop Strategic Initiatives
- Step 6: Ongoing Evaluation & Change



# Original Kaplan/Norton Model: Four Key Perspectives





# Previous Balanced Scorecard for UIHC



| INNOVATIVE CARE  |               |                  |               |                                   |
|--|---------------|------------------|---------------|-----------------------------------|
| INDICATOR  | FY '05 ACTUAL | FY '06 Q4        | FY '06 TARGET | FY '06 BENCHMARK                  |
| Market Share   | 6.9% [A]      | n/a [B]          | 7.3%          | 3% improvement over CY '04 [A]    |
| Acute Admissions   | 25,063        | 26,030           | 25,839        | UIHC Budget for 2.5 % growth      |
| Clinic Visits  | 668,456       | 673,947          | 693,348       | UIHC Budget for 2% growth         |
| Average Length of Stay   | 6.99          | 6.67             | 6.50          | UIHC Budget for 1/2 day reduction |
| EXCELLENT SERVICE  |               |                  |               |                                   |
| INDICATOR  | FY '05 ACTUAL | FY '06 Q4        | FY '06 TARGET | FY '06 BENCHMARK                  |
| External Referrals   | 179,198       | 175,760          | 184,574       | 3% average annual growth          |
| Patient Satisfaction - Adult                                   | 81.7          | 82.0             | 84.0          | 3% improvement in score           |
| Patient Satisfaction - Pediatric                               | 84.1          | 84.6             | 86.6          | 3% improvement in score           |
| EXCEPTIONAL OUTCOMES   |               |                  |               |                                   |
| INDICATOR  | FY '05 ACTUAL | FY '06 Q4        | FY '06 TARGET | FY '06 BENCHMARK                  |
| Observed/Expected Mortality Ratio                              | 0.77          | 0.68             | less than 1.0 | UHC                               |
| STRATEGIC SUPPORT  |               |                  |               |                                   |
| INDICATOR  | FY '05 ACTUAL | FY '06 Q4        | FY '06 TARGET | FY '06 BENCHMARK                  |
| Cost Per Adjusted Discharge                                    | \$8,941       | \$8,694          | \$8,888       | UIHC Budget                       |
| Operating Margin   | 3.03%         | 3.48%            | 3.20%         | UIHC Budget                       |
| Earnings Before Interest, Taxes, Depreciation and Amortization | \$71,937,422  | \$78,338,190 [C] | \$71,888,599  | UIHC Budget                       |
| Employee Vacancy Rate  | 2.0%          | 2.5%             | 3.0%          | Internal                          |

\*\*CMI adjusted

[A] FY '05 actual subject to change by IHA for missing data, CY 2004 Market share was 7.1%

[B] FY 2006 Q1 & Q2 expected May 2006, FY 2006 Q3 & Q4 expected November 2006

[C] Trended Annual Projection from June 2006 fiscal YTD actuals: Acute admissions: 26,030; Clinic visits (UIHC only): 673,947; External Referrals: 175,760; EBITDA: \$78,338,190

# Future Balanced Scorecard Model

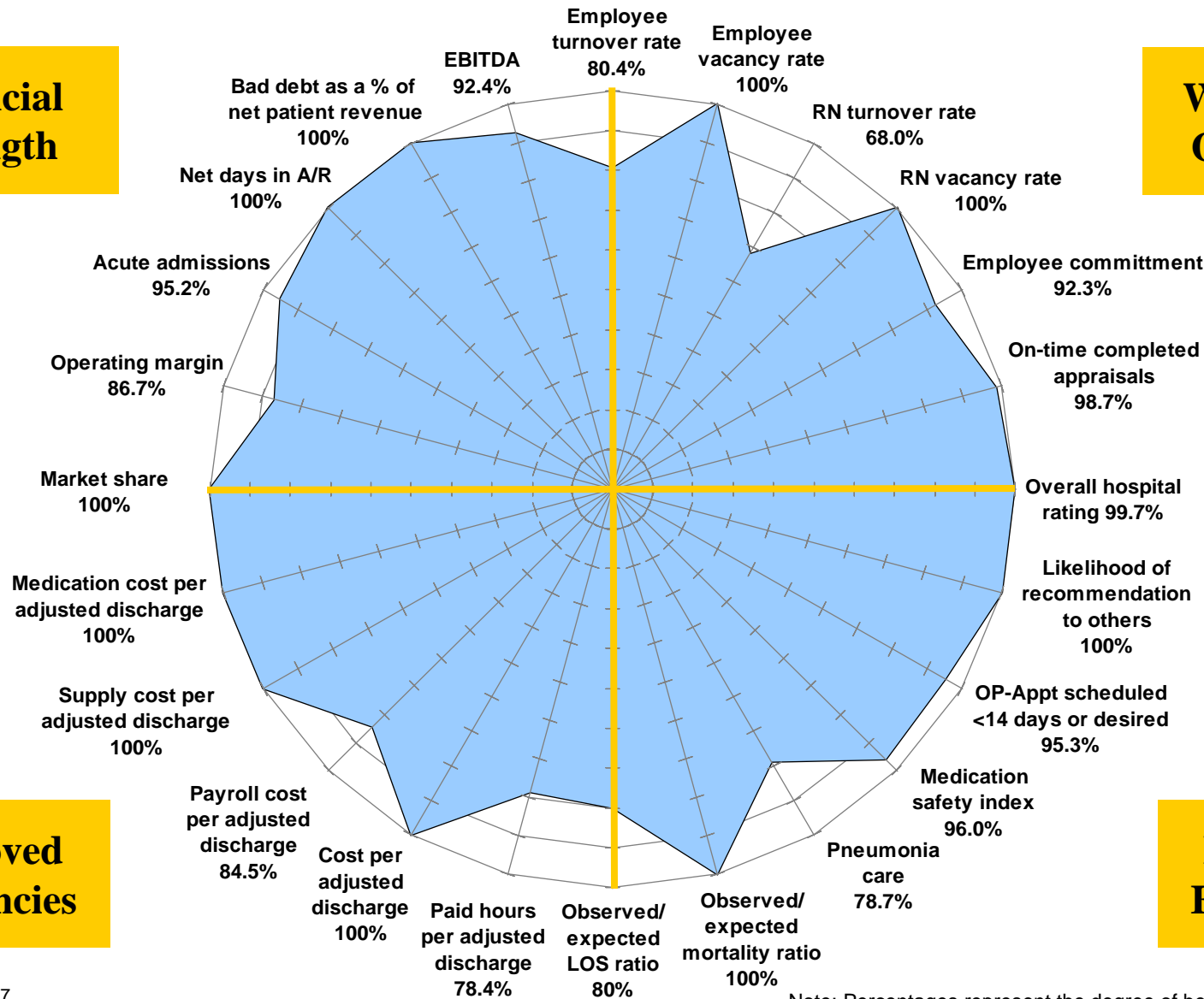


**Financial Strength**

**Workplace Of Choice**

**Improved Efficiencies**

**Pursuing Excellence**



# UI Health Care Incentive Program

**Jean Robillard, MD**

Vice President for Medical Affairs and Dean, CCOM