

The Regents of the University of California

COMMITTEE ON HEALTH SERVICES

October 14, 1999

The Committee on Health Services met on the above date at UCSF - Laurel Heights, San Francisco.

Members present: Regents Atkinson, Davies, O. Johnson, Khachigian, Lansing, Leach, Montoya, Preuss, and Vining; Advisory member Kohn

In attendance: Regents Bagley, Connerly, Hopkinson, S. Johnson, Moores, Pannor, and Parsky, Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Assistant Treasurer Young, Senior Vice President Kennedy, Vice Presidents Broome, Gomes, Gurtner, and Hershman, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Greenwood, Orbach, Tomlinson-Keasey, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 11:15 a.m. with Committee Chair Khachigian presiding.

1. UPDATE ON UCSF STANFORD HEALTH CARE

Vice President Gurtner reported that there has been a brief delay in preparing a report on the merger. He expected that it would be completed in time for the November meeting. At that time, it may be recommended to change the current relationship between UCSF and Stanford University. As much information as possible will be mailed to the Regents in advance of the meeting.

Committee Chair Khachigian commented that the situation is fluid and therefore is difficult to discuss in depth.

Regent Bagley observed that a spokesperson from Stanford had indicated in the media that major changes would take place in the merger. Regent Preuss acknowledged the need for confidentiality during the negotiations, but he believed that the parameters being discussed should be disclosed to the Regents. Mr. Gurtner explained that he viewed as positive the comments that were made to the media by the chairman of the Department of Medicine at Stanford. He was reluctant to characterize the current status of the merger until both parties have stated their positions in writing and further discussions have taken place. He noted that there is some concern about increasing the site-specific management within the current structure.

[For speakers' comments, refer the minutes of the October 14 meeting of the Committee of the Whole.]

2. **ACTIVITY AND FINANCIAL STATUS REPORT ON HOSPITALS AND CLINICS**

Vice President Gurtner reported that he has met with individual chancellors to discuss the financial status of each medical center and determine what items bear particularly close scrutiny at this time. He noted that the financial reports contain a sheet covering what are known as funds at risk. They are broken down by federal and State contributions. He pointed out that the financials for the medical centers are deceiving in that a significant portion of the money the University receives comes from the federal and State governments to support graduate medical education through Medicare. Those funds are at risk in that they are dependent upon political processes. At the State level, funds listed as SB 855 and 1255 have been solid but are predicated on the Medicaid program and disproportionate share support. Disproportionate share providers care for the Medi-Cal population in excess of the norm. Changes in these funds that are politically sensitive could represent the difference between profitability and loss for the University's medical centers. The University's representatives are working diligently in the political arena to emphasize the importance of these funds to the University.

The meeting adjourned at 11:30 a.m.

Attest:

Secretary