

The Regents of the University of California

COMMITTEE ON HEALTH SERVICES

November 19, 2008

The Committee on Health Services met on the above date at UCSF-Mission Bay Community Center, San Francisco.

Members present: Regents De La Peña, Island, Johnson, Ruiz, Shewmake, and Yudof;
Advisory member Powell

In attendance: Regent Garamendi, Associate Secretary Shaw, General Counsel Robinson,
Vice President Dooley, Chancellor Drake, and Recording Secretary Lopes

The meeting convened at 4:55 p.m. with Vice Chair De La Peña presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 17, 2008 were approved.

2. REMARKS OF THE SENIOR VICE PRESIDENT FOR HEALTH SCIENCES AND SERVICES

Senior Vice President Stobo advised that he is completing a series of visits with each of the health campuses. He indicated that he has been acquainting himself with the different health components of the University to understand what they are doing, where they are going, what obstacles they are facing and how his office can assist. He has observed outstanding cooperation, interaction, and collaborative efforts resulting in, for example, bulk purchasing and prepayment for pharmaceuticals. As a result of systemwide effort, Dr. Stobo reported that the University's health components have saved \$8 million, with the opportunity to save an additional \$2 million this year. Dr. Stobo noted that these collaborative efforts of the five medical campuses and five physician groups also benefited the recent protracted negotiations that were successfully completed with a large California insurer.

Dr. Stobo reported that the University has been working diligently with the Governor's Office, the Los Angeles County Board of Supervisors, and the administration of the former Martin Luther King, Jr.-Harbor Hospital to explore re-opening a hospital at that site. The discussions are moving ahead in good faith, with weekly conference calls to monitor progress.

3. **APPROVAL TO ENHANCE PEDIATRIC MEDICAL TRAINING, RESEARCH AND CARE THROUGH AFFILIATION WITH CHILDREN'S HOSPITAL OF ORANGE COUNTY AND ITS SUBSPECIALTY PHYSICIANS, IRVINE CAMPUS**

The President recommended approval of the execution of (A) the proposed affiliation agreement between UC Irvine and CHOC (Hospital Affiliation Agreement), and (B) the proposed affiliation agreement between UC Irvine and PSF (Physician Affiliation Agreement).

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Dr. Stobo welcomed UC Irvine Chancellor Drake. Chancellor Drake reminded the Regents that the mission of UC Irvine Medical Center is to provide the highest quality care, with a vision to shape the future. As the affiliation with Children's Hospital of Orange County (CHOC) was being considered, the first question the campus asked was whether the project would improve the healthcare for the children of Orange County; the second question was whether it would improve the UCI educational processes; the third question was, would the project create opportunities for research; and the fourth question was could it be done, practically. For each question, the answer was yes. Chancellor Drake pointed out that many years of work and thousands of person hours have been devoted to developing a workable plan to meet the needs of patients and their families.

Vice Chancellor for Health Affairs Bailey explained that this item concerns two agreements: a strategic affiliation of UC Irvine Medical Center Pediatric Services with CHOC; and a strategic affiliation of UC Irvine pediatric faculty with Pediatric Subspecialty Faculty (PSF) which currently provides care at CHOC. The joint venture is proposed between the respective neonatology intensive care units because both facilities have neonatology intensive care units, labor and delivery. Additionally, CHOC receives a number of outborns who require hospitalization.

Vice Chancellor Bailey advised that other units are contemplated as joint ventures in the future, including improving medical education opportunities by combining pediatric residency programs. Currently both facilities have a pediatric residency program. When the current cycle of residents is finished, a new, combined program will commence, sponsored and directed by UC Irvine.

Dr. Bailey enumerated the programs to be transferred: the inpatient general pediatrics unit (24 beds), the pediatric intensive care unit (8 beds), and research protocol patients. Dr. Bailey noted that a number of services will be retained at UC Irvine Medical Center, including child and adolescent psychiatry, a level-one burn center, pediatric ophthalmology, pediatric emergency services, certain elective surgeries, and pediatric trauma. Pediatric trauma patients will be admitted to the adult intensive care unit where pediatric intensive care nurses will be retained at the UCI Medical Center for their care.

Dr. Bailey emphasized that there are many advantages to the affiliation of these two facilities which will enhance the quality of care for children, thereby creating a synergy bringing together the University and a freestanding children's hospital. Care will be consolidated into a hospital designed for and focused on children. The UC Irvine emergency department backlog will be relieved by the use of currently under-utilized pediatric beds. The neonatology unit will increase by 16 beds as a result of the affiliation.

Dr. Bailey assured the Committee that the consolidation, by its very nature, will improve medical education at all levels, providing access to an improved volume and heterogeneity in patients. UC Irvine will continue to care for level one pediatric trauma patients that require surgical intervention. The UCI average daily census for 2008 in the pediatric intensive care unit for trauma is less than one. UCI Medical Center has also been below capacity in general pediatrics. The unit is comprised of 24 beds with a census low of one patient to a high of 22, with the average daily census of 9.9 patients. The remaining beds are empty. On the other hand, Dr. Bailey explained, the neonatology intensive care average daily census is at or over capacity. With the proposed move of the pediatric intensive care unit, an additional 16 neonatal intensive care beds will be added.

Dr. Bailey stated that no UC Irvine employees will lose their jobs as a result of the affiliation. For those employees who choose to remain at the UCI facility, UCI will provide training in another area of pediatrics or adult medicine, with compensation at the same or higher level. If a UCI employee wishes to transfer to CHOC, CHOC will offer positions, at the same or better salary and a transfer of their seniority.

Dr. Bailey concluded with the statement that this affiliation will improve the health care of the children of Orange County, will enhance medical and resident education and clinical research, resulting in a world-class academic children's health center.

Regent De La Peña commended Chancellor Drake and Vice Chancellor Bailey for their efforts. A graduate of UC Irvine's Ophthalmology Department, Regent De La Peña opined that the new hospital could compete with Children's Hospital of Los Angeles. He expressed his hope that the campus will utilize the presence of the biomedical industry in Irvine for grant opportunities.

Regent Island congratulated the quality of effort devoted to the program and indicated that an excellent case was made regarding the enhancement of patient services, educational advantages, economic efficiencies obtained, and clinical research opportunities. He expressed his disappointment that efforts had been made to influence the judgment of the Regents regarding their decision, and that the item was presented as an enhancement rather than the proposal to affiliate that it is.

In response to questions from Regent Johnson, Dr. Bailey advised that UCI pediatric doctors will practice at CHOC through the physician group at CHOC. Likewise, CHOC doctors will have privileges at UCI. A range of voluntary faculty appointments will be available. The physicians will work together as a team. UCI physicians will remain UCI faculty members. He advised that hospital charges are similar.

Regent Johnson expressed her concern regarding the UCI pediatric nurses, the availability of positions with comparable benefits and union representation. She indicated her support for the affiliation, but noted the disparities for the UCI nurses. President Yudof sought confirmation that the UCI pediatric nurses can remain at the current facility, retaining benefits and membership in a bargaining unit and a guaranteed position, and asked if there has been any criticism of the affiliation from nursing school deans.

Chief Executive Officer Zehntner confirmed that there are currently 62 registered nurses employed as pediatric nurses in the hospital, ten of whom would be retained at the UCI facility to provide pediatric trauma service and other pediatric services mentioned in the overview. A number of nurses have expressed an interest in relocating to the CHOC facility to continue their commitment to pediatrics. This includes nurse managers and unit staff.

Ms. Zehntner advised that the UCI Medical Center has frozen 44 positions at the medical center to make available for the nurses who choose not to relocate to CHOC. Some retraining and floating has already begun. Those who have been associated with the pediatric program will not lose their jobs. Opportunities will be made for them within the University of California. She advised that she had received no communications from deans of nursing schools regarding the proposed affiliation. Ultimately, she emphasized, strengthening the clinical programs for the children of Orange County is driving the affiliation.

President Yudof asked for clarification regarding the level one trauma status of the facilities and how the consolidation differs from the UC San Diego Medical Center consolidation. Dr. Bailey pointed out that UCSD did not have a pediatric level one trauma center and Children's Hospital of San Diego did. Thus when the affiliation, similar to the one now before the Regents was presented, there was no issue. In this situation, CHOC does not have a pediatric trauma center, however UCI will be retaining pediatric trauma, admitting those patients to the adult intensive care unit with pediatric intensive care nurses retained for their care.

Regent Ruiz expressed his concern regarding quality of care and the financial impact on UCI and asked that the matter be addressed by the Office of General Counsel. General Counsel Robinson confirmed that the legal issues had been addressed. Dr. Bailey advised, further, that the Office of General Counsel looked at various aspects of the affiliation and remains in continual dialogue.

Regent Garamendi expressed concern regarding the speed with which the proposal has been moved as well as the limited time the general public has known of the proposal. He reminded the Committee of the affiliation between the UCSF and Stanford medical centers which failed. He questioned the allocation of funds for the hospitals from Propositions 61 and 3. He suggested that additional time may be beneficial before moving forward on the proposal.

Ms. Zehntner described thirteen years of forums and strategies with CHOC regarding potential affiliation. Dr. Bailey explained that the proposal had been thoroughly vetted over the past fifteen months with faculty, physicians, staff and stakeholders. He enumerated the dates of approval by department chairs, boards of directors, and shareholders. He advised that, as with the UCSD/Children's Hospital of San Diego affiliation, the facilities remain freestanding and separate. Each facility will receive the funds provided by the propositions and, in consultation with one another, will decide how to use those funds to do what is best for the children of Orange County.

Chancellor Drake reminded the Committee that the affiliation was discussed at the September Regents' meeting. He emphasized that the UCSF and Stanford collaboration was to have been a merger of the two entities, sharing assets, thirty miles apart. UCI has a small pediatric service and a large community. By joining with CHOC, a facility only two miles apart, there will be excellence of academic medicine and improved health service for the community.

In response to a question asked by Regent Garamendi, University Counsel Reynolds advised that CHOC is a private, non-profit entity which has been given 501(3)(c) status by the Internal Revenue Service. The CHOC board of directors is a community board, broadly representative of the service area, and self-perpetuating.

Dr. Bailey explained the immediate need to proceed with the affiliation: the new UCI hospital is complete, on time and on budget. The move will take place in February. The fourth floor is programmed for pediatrics with 25 general pediatric beds, 8 pediatric intensive care unit beds and 30 neonatology intensive care unit beds. A delay will result in an empty unit while the hospital needs beds. Additionally, the residency programs are poised to come together to serve the pediatric patients.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 5:40 p.m.

Attest:

Secretary and Chief of Staff