

The Regents of the University of California

**COMMITTEE ON HEALTH SERVICES**

May 20, 2010

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, Lansing, Nunn Gorman, Pattiz, Stovitz, and Zettel; Ex officio members Gould, and Yudof; Advisory members Cheng and Powell; Staff Advisors Abeyta and Martinez

In attendance: Regents Bernal, Kieffer, Makarechian, Maldonado, Marcus, Reiss, Schilling, and Varner, Regents-designate DeFreece and Hime, Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice Presidents Brostrom, Darling, and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith and Duckett, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Kang, Katehi, White, and Yang, and Recording Secretary Harms

The meeting convened at 9:05 a.m. with Committee Chair Lansing presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of January 21 and March 25, 2010 were approved.

Senior Vice President Stobo remarked that he had received several questions from Regents regarding federal health care reform and the effect it might have on the University. He explained that the topic would be discussed at the next Regents' meeting. Dr. Stobo invited Regents to view the Internet slideshow put together by UC Health that outlines some of the major characteristics of the health care reform and the projected effects it will have on the University's health programs. The slideshow could be accessed via UC's homepage.

**2. UPDATE ON RE-OPENING OF MARTIN LUTHER KING HOSPITAL**

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

Senior Vice President Stobo reminded the Regents that the reopening of Martin Luther King Hospital (MLK) involved the creation of a new company with a seven-member board of directors that would be appointed by Los Angeles County (LAC) and UC.

Together with William Fujioka, the Chief Executive Officer of the LAC Board of Supervisors, Dr. Stobo sent out over 300 letters soliciting nominations and recommendations for the board. More than 50 names were collected in response to those letters, from which a dozen were culled for personal interviews. Dr. Stobo said that the goal is to have a board in place by the end of June 2010. He expressed satisfaction with the quality of the individuals who were suggested, and stated they represented a broad range of experience in the area of health care. He noted positively that the diversity of the final pool also reflected the diversity of the population that MLK will serve.

Dr. Stobo said that the hospital should be able to accept its first \$10 million payment from LAC by the middle of July. He remarked that a team has been composed to research the design of the facility, including the acquisition of requisite State approvals. It is intended that MLK will open in the last quarter of 2012 with the first 40 beds of its ultimate 120-bed unit.

Dr. Stobo informed the Regents that Assemblyman Hall and former Speaker Bass are jointly sponsoring Assembly Bill 2599, which concerns levels of Medicaid funding for the hospital. He remarked that the Office of General Counsel has been working closely with Dr. Patrick Soon-Shiong, who put forward the guarantee of \$100 million that will go into place if the LAC guarantee of \$100 million is insufficient. Dr. Stobo stated that the agreement would apply in perpetuity; it does not have a time limit.

Regent Island asked how the financial guarantee was being provided. Dr. Stobo said that he did not know the details of the discussion with Dr. Soon-Shiong. However, his understanding with regard to the County is that a letter of credit to a bank would be drawn down upon if it is determined that the County is in default of its quarterly payments.

3. **UPDATE ON UNIVERSITY OF CALIFORNIA ROLE IN HEALTH CARE IN CALIFORNIA STATE PRISONS**

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

Senior Vice President Stobo said that discussions regarding the University's potential involvement in prison health care are ongoing. He reminded the Regents that in January, through the California Department of Corrections and Rehabilitation (CDCR), the Governor's Office commissioned a group from Texas, NuPhysicia, to evaluate the state of health care in California prisons. While the contract was between the State and NuPhysicia, the evaluation team included the chief medical officer of correctional managed care under the auspices of the University of Texas medical branch, the previous chief financial officer, other individuals associated with correctional managed care, and representatives from other states. Many members of the team paid onsite visits to eight corrections units in California.

Dr. Stobo remarked that the team's report outlined several major actions that could result in significant savings, and proposed a key role for UC as a provider of health care and system infrastructure. Dr. Stobo noted that there may be potential significant benefits from UC's involvement, in that the savings accrued in the corrections system could be returned to support higher education. He acknowledged that the system also faces formidable challenges. He stated that he took due note of the Regents' cautionary tone at the last meeting, and that the issues involved are very complex.

Committee Chair Lansing observed that the University is just beginning its investigation into the proposed involvement of UC in the prison health care system. The first public session discussing some options would be held that afternoon, and would be very interactive.

Regent Pattiz stated that he is a member of the Committee on Health Care in California State Prisons, and when he first learned of UC's potential involvement, he felt that the proposal had too many problems and liabilities. He noted that he still has not decided whether to support the project, but that the information provided by Dr. Stobo encouraged him to reconsider his views. He urged the Regents to keep a very open mind about the project, and consider the various benefits and ramifications of the NuPhysicia proposal.

Committee Chair Lansing emphasized that it is extremely important for the Regents to keep an open mind about all issues that come before them, and ensure that they evaluate all relevant information objectively. She encouraged the public to attend the afternoon discussion session to share beliefs and concerns.

Regent Zettel asked how Regents and the public would learn about the issues. Committee Chair Lansing answered that no decisions regarding UC's involvement in prison health care would be made without full, open discussion among the Regents. All of the Regents would receive updates regarding the issues brought before the Committee on Health Care in California State Prisons.

Regent Island asked if there was a timetable for a decision to be made on the prison health care proposal. Committee Chair Lansing stated that there was no set timeline, and that imposing one would be a mistake. She emphasized that the Committee would act thoroughly and intensely, and that the Regents would be kept up-to-date on its progress. The purpose of the Committee, she stated, is to collect information that will enable the Regents to make an informed decision.

The meeting adjourned at 9:20 a.m.

Attest:

Secretary and Chief of Staff