TO MEMBERS OF THE COMMITTEE ON HEALTH SERVICES:

DISCUSSION ITEM

For Meeting of May 15, 2014

UPDATE ON THE HEALTH OF UC HEALTH

Senior Vice President Stobo will report on some of the issues and challenges recently addressed by UC Health. The report will include:

1. Financial Status of UC Health Medical Centers

   Over the past six years UC Health’s medical centers have enjoyed a 1.5-fold increase in net patient revenue ($4.8 billion to $7.2 billion, roughly a seven percent year-over-year increase). This has resulted in an average operating margin of approximately six percent. This margin is used to capitalize not only programs and equipment associated with the clinical enterprise, but also programs associated with entities outside the medical centers. Thus, while the medical centers have enjoyed a 1.5-fold increase in their revenue, the financial support they have provided to other entities associated with the University has increased 1.7-fold, while their support to the UC schools of medicine has increased 2.1-fold. However, the UC Health clinical enterprise is entering a period where yearly increases in patient revenue will diminish greatly. In order to continue to support other programs and entities, a major effort in expense reduction will be required. Dr. Stobo will present information on a program, “Leveraging Scale for Value,” designed to help with this effort.

2. Clinical Performance Improvement

   The report will outline two activities, the UC Center for Health Quality and Innovation (CHQI) and the Delivery System Reform Incentive Program (DSRIP), both of which represent systemwide efforts to improve the safety and outcomes associated with the clinical care provided by UC Health. CHQI is funded internally by the medical centers and provides funding, awarded on a competitive basis, to projects that improve the affordability and quality of care provided through UC Health. Priority is given to projects that can be “spread” systemwide through all the medical centers. DSRIP is federally funded through the Medicaid program. It is a “pay for performance” program where UC must earn the dollars
based on achieving certain targets associated with quality and safety of health care.

3. UC Student Health Centers

An update on activities associated with the UC Student Health Centers will be provided, including a brief summary of the recently completed audit of the centers.

4. UC Self-insured Programs

UC offers two self-insured health plans: (1) UC SHIP, for students and (2) UC Care for UC employees. An update on the status of both programs will be provided.