The Regents of the University of California met on the above date at the University of California, Irvine, Medical Center, 101 The City Drive, Orange.

Present: Regents Davies, Fong, Hopkinson, O. Johnson, S. Johnson, Khachigian, Kohn, and Montoya

In attendance: Regent-designate Morrison, Secretary Trivette, General Counsel Holst, Senior Vice President Mullinix, Vice President Gurtner, Assistant Vice President Smith representing Provost King, Chancellor Cicerone, and Recording Secretary Nietfeld

The meeting convened at 4:05 p.m. with Chairman S. Johnson presiding.

1. PUBLIC COMMENT PERIOD

There were no members of the public wishing to address the Committee.

2. UCI MEDICAL CENTER: A VITAL COMMUNITY RESOURCE AT THE EPICENTER OF ORANGE COUNTY HEALTHCARE

Chancellor Cicerone introduced Dr. Ralph Cygan, who recently accepted the permanent position of executive director of the medical center following a national search. Dr. Cygan served as interim director following the departure of former director Mark Laret to the San Francisco campus. The Chancellor acknowledged the recognition on the part of both Mr. Laret and Dr. Cygan of the importance of teamwork in a medical center such as UCIMC. Dr. Cygan, who has been with the hospital for over twenty years, founded the UCI Primary Care Group of Physicians and the Division of General and Internal Medicine in the College of Medicine.

Dr. Cygan gave his presentation with the assistance of a series of overhead slides. He reported that UCIMC, which is becoming the referral center of choice in Orange County, has a growing base of political, community, and philanthropic support. The hospital administration is in the preliminary stages of planning for a new medical center, as Building 1 must be replaced in order to comply with SB 1953, which sets the seismic standards for acute-care hospitals. The replacement of Building 1, which was constructed by the County in the 1950s, will enhance the medical center’s ability to provide its patients with the highest-quality care in support of its research and teaching missions. In addition, a modern, well-equipped facility will aid the medical center in its ability to attract specialty referrals in one of the most competitive healthcare markets in the nation.
Dr. Cygan discussed the vital role that UCIMC plays in the Orange County healthcare system, noting that the center continues to be the County’s major safety-net provider. It is vital to the County’s disaster-response program; in the event of a major earthquake, UCIMC must remain functional. UCIMC has a major commitment to under-funded care. With only 4 percent of the beds in Orange County, it provides a disproportionate share of care to uninsured, Medi-Cal, and County-funded patients. The medical center also provides a wide range of specialized services, including 100 percent of the liver transplants in Orange County and 90 percent of major burn care. UCIMC is the only level-one trauma center in the County.

Dr. Cygan recalled that in 1998, in conjunction with the Office of the President, the UCIMC administration had worked with the faculty to develop a strategic plan for the college of medicine and for the hospital. The plan consists of the following elements:

- Achieve excellence in education for physicians and medical students;
- Expand basic and clinical research programs;
- Improve the quality of patient care; and
- Develop clinical specialty programs and increase referrals from community physicians.

Dr. Cygan reported that the medical center had reached all of its goals with respect to physician education. For example, the most recent entering class had MCAT scores in the 90th percentile of entering medical school students in the country. All of the medical center’s residency programs are fully accredited, and all residency slots are filled.

With respect to scholarly research, Dr. Cygan reported the following goals:

- Increase contracts and grants
- Increase clinical trials
- Add new research faculty
- Add new research facilities

Research awards have exceeded the goals set by the plan. The campus had hoped to receive $100 million dollars in extramural funding by fiscal year 2002-03; this goal was nearly attained in 1999-2000. Clinical trials are growing in number, with a significant increase in the patients enrolled. Research faculty recruitments are also well ahead of the strategic plan goal of 40 new faculty by the 2002-03 fiscal year.

Turning to the goal of improving the quality of patient care, Dr. Cygan depicted the results of some recent surveys which gave UCIMC high marks in this area. The medical center also saw the need to improve the rate of malpractice claims as an important issue. UCI’s claim per risk-adjusted exposure is less than one-half of the average of all UC hospitals. A key indicator of patient...
satisfaction is the referral, and the most recent survey results found that 85 percent of UCIMC patients would recommend the hospital.

The strategic plan set the following goals with respect to patient care and clinical programs:

- Improve the patient mix
- Increase referrals
- Increase surgical procedures
- Add new clinical faculty to enhance programs

Dr. Cygan reported that the number of Medicare and commercial patients has been steadily growing over the past six years and now represents nearly 40 percent of all discharges. Community physicians are also beginning to recognize the excellence of UCIMC’s services, and there has been an exponential increase in the number of referrals from physicians in the private medical community. Both inpatient and outpatient surgeries are also increasing, from a low of slightly over 6,500 in fiscal year 1995-96 to nearly 8,500 in fiscal year 1999-2000. The medical center has invested in surgical specialists in order to play this important role in Orange County. Clinical faculty recruitments are on track to reaching the strategic plan goal of 25 new clinical faculty by fiscal year 2001-2002. Practice plan income is increasing sharply since adoption of the strategic plan in 1998. The average daily census also represents a measure of how well the hospital is doing. It has increased steadily from 218 in 1997 to 277 in August 2000.

Dr. Cygan then addressed the medical center’s seismic replacement needs which are necessitated by SB 1953. The center has engaged leading engineering firms to assist in its plans and is ready to begin the planning stage for the new hospital. The seismic planning guidelines take into account the fact that the State would not supply bond funding for system or infrastructure improvements beyond those which are required by code. In addition, the medical center must remain fully operational during construction. While the preference would be to retrofit the hospital, this would not be undertaken if it were economically and functionally not feasible. The end result of the project must support UCIMC’s mission. An in-depth review of the medical center site by engineers revealed a number of buildings found to be seismically poor, including Building 1, which is the main hospital building acquired by the University from the State. Other seismically poor buildings on the site are not eligible for funding under SB 1953 as it applies only to acute-care facilities.

The seismic problems found in the main hospital include vertical discontinuities, inadequate structural connections, inadequate uplift anchorage, and foundation deficiencies. The medical center determined that a retrofit of Building 1 would exceed the cost of replacing it. In addition, a retrofit would not meet the 2008 SB 1953 deadline for compliance. It would pose a major disruption of operations and a significant risk to patients. The replacement solution proposes the construction of a seismically sound acute-care facility with 205 beds. The tower facility and some
critical support facilities will need to be upgraded. The campus wishes to add operating room capacity in order to meet its growing needs, although this construction would not be funded by State bond funds. The medical center also proposed construction of a parking facility to replace parking lost to the new hospital. Dr. Cygan displayed a slide which depicted the proposed site for the new hospital.

It is estimated that it would cost $317.1 million to construct a 205-bed replacement hospital. Addition costs include the demolition of Building 1 at $17 million, the construction of four additional operating rooms ($10 million), and the replacement parking structure at $29.4 million. Funding sources for the new hospital will be sought from State seismic lease revenue bonds, Orange County, a capital campaign, and federal appropriations. Dr. Cygan expressed his appreciation to the Regents and the Officers who had worked to secure $600 million in State funding for the replacement hospital.

Dr. Cygan introduced Ms. Marian Bergeson, a former State Senator and currently one of the leading advocates for health care in Orange County. Ms. Bergeson recalled that she had served on the County Board of Supervisors during the County’s bankruptcy. As a result of the fiscal crisis in the county, little attention was paid to issues related to health care. Over the past ten years, 14 hospitals have closed, six of which were trauma centers. UCIMC has taken on the added burden of care represented by these closures without decreasing the quality of health care. The County has failed to address the needs of its uninsured citizens, who number more than 400,000, thus representing a healthcare crisis. She endorsed the medical center’s efforts to improve its capabilities.

Mr. Tom Tierney, chair of the UC Foundation, recalled that he had been associated with the Irvine campus for 22 years. Since that time, there has been a tremendous increase in the public awareness of the challenges that the hospital faces. Under the leadership of Mark Laret, the medical center made great strides in building positive relationships with the community. He referred to a local newspaper article which stated that Dr. Cygan offers a “transfusion of leadership with professional empathy.” The members of the foundation wish to see the medical center become the premiere emergency-care center and to reintroduce heart-transplant surgery. He believed that the image of UCIMC had never been more positive, and he credited the leadership of the Irvine campus with this success.

Regent Hopkinson supported the decision to construct a new hospital rather than trying to retrofit Building 1. She asked when the project would be presented to the Regents. Vice President Gurtner recalled that the Office of the President had met with all of the campuses with medical centers to address their solutions to meeting the requirements of SB 1953. The intention is to provide this plan to The Regents at the November meeting.
Regent Hopkinson observed that there were many buildings at the medical center and on the University’s campuses that were rated seismically poor. She requested that the Regents be provided with information on all of the University’s buildings in that category. In addition, she asked for information related to students which was not covered in the UCIMC presentation: cost per student to educate a student; what kind of financial assistance is provided to those students; what the gap is; how many students come from California; and what the situation is regarding diversity at the medical center.

Regent Kohn raised the issue of what the patient mix would be once the new hospital is built. He noted that the hospital’s role in providing a disproportionate share of patient care to uninsured and Medi-Cal patients, while beneficial to the hospital’s teaching mission, tends to have a negative effect on its bottom line. He observed that the new hospital would provide the opportunity to alter the patient mix. Director Cygan reported that the medical center has developed a plan with respect to the recruitment of new clinical faculty, broken down into specific services based upon the marketplace. Some projections suggest that there may be a need to add more beds in order to support the College of Medicine, although these additional beds would not be funded under SB 1953. He agreed to provide Regent Kohn with more specific data.

3. UCI MEDICAL CENTER TOUR

The Regents toured the following units of the medical center, hearing remarks from the physicians whose names are listed.

**Surgical Intensive Care Unit** - Dr. Michael Lekawa, Assistant Clinical Professor; Chief, Division of Trauma and Surgical Critical Care; and Director, Surgical Intensive Care Unit

**Burn Intensive Care Unit** - Dr. Marianne Cinat, Assistant Professor of Surgery in Residence; and Director of Acute and Resuscitative Services, Burn Intensive Care Unit

**Infant Special Care Unit** - Dr. Feizal Waffarn, Associate Professor in Residence; Chief, Division of Neonatal Medicine and Term Nursery; Interim Chairman, Department of Pediatrics and Dr. Jack H. Sills, Clinical Professor of Pediatrics; and Medical Director, Neonatal Intensive Care Unit, Department of Pediatrics

And then the meeting adjourned.

Attest: