

MUSC/MUHA Board of Trustees Special Called Meeting Minutes
Columbia, South Carolina
July 10, 2018
Minutes

The MUSC/MUHA Board of Trustees convened Tuesday, July 10, 2018, at The Palmetto Club in Columbia, SC, with the following members present: Dr. Don Johnson, Chair; Mr. Bill Baker; Ms. Terri Barnes; Mr. Jim Battle; Dr. Melvin Brown; Dr. Richard Christian; Dr. Paul Davis; Ms. Barbara Johnson-Williams; Dr. James Lemon; Mr. Charles Schulze; Dr. Murrell Smith; Mr. Michael Stavrinakis; Mr. Tom Stephenson; and, Dr. Charles Thomas. Board members excused: Mr. Bill Bingham; Dr. Guy Castles.

In addition the following MUSC leaders were present: Dr. David Cole; Ms. Lisa Montgomery; Dr. Pat Cawley; Dr. Ray Dubois; Ms. Annette Drachman; Dr. Gene Hong, Ms. Sheila Champlin; Ms. Lisa Goodlett; Mr. Patrick Wamsley; Mr. Wayne Harris; Mr. Greg Weigle; and Mr. Mark Sweatman. Guest speaker: Mr. Ryan Burnaugh.

Item 1. **Call to Order-Roll Call.**

There being a quorum present, Chairman Johnson called the meeting to order at 8:00 a.m. Ms. Jane Scutt called the roll and announced the following: *"In compliance with the Freedom of Information Act, notice of meetings and agendas were furnished to all news media and persons requesting notification."*

Item 2. **Executive Session.**

Statement: Chairman Johnson recognized Mr. Jim Battle who moved that the Board go into closed session to discuss the following items pursuant to section sections 30-4-70(a)(1) of the South Carolina Code:

- Discussion of employment, appointment or compensation of an employee, a student, or a person regulated by a public body or the appointment of a person to a public body and any contract related thereto.

In addition Mr. Battle moved that the Board go into closed session to discuss the following items, pursuant to sections 30-4-70(a) (2 and 5) of the South Carolina Code:

- Discussion of negotiations incident to proposed contractual arrangements related to
 - the expansion of clinical services,
 - the purchase of real property related to that expansion,
 - research activities, innovation and the purchase of radiological and other equipment; and
- Discussion of negotiations of contract related to financing Consolidated Service Center in the North area and the purchase of property in Berkeley County and related legal advice.

Board Action: The motion was seconded, voted on and unanimously carried for the Board to move into executive session. Dr. Johnson announced that the board would be moving into executive session at this time.

At 11:22 a.m. the Board returned to open session with no action taken.

Item 3. Resolution Authorizing MUHA to Petition the State Fiscal Accountability Authority (SFAA) for Approval of Debt.

Statement: Ms. Lisa Goodlett, CFO, MUHA, presented a proposed resolution authorizing MUHA to petition SFAA to approve the issuance of debt in an amount not to exceed placement of \$38M at an interest rate not to exceed 5%, including \$10M to purchase land in Berkeley County and \$28M to construct the Consolidated Service Center in the North Charleston area, and to take other actions necessary in connection therewith.

Recommendation of Administration: That the resolution be approved.

Board Action: Mr. Schulze moved for approval of the resolution. The motion to approve the resolution was seconded, voted on and unanimously carried.

Item 4. MUSC FY2019 Budget.

Statement: Ms. Lisa Montgomery, Executive Vice President for Finance and Operations kicked off the budget presentations segment of the Board meeting and gave a brief overview of the budget process. She reminded the board that at this meeting today the budgets are presented at a high level and are presented for information only. The FY2019 detailed budgets will be mailed out along with the Board agenda materials and formal approval will be requested at the August Board of Trustees meeting.

After providing a five-year history of relevant MUSC statistics, Mr. Patrick Wamsley, Chief Financial Officer, MUSC, presented the proposed Fiscal Year 2019 University Operating Budget, which included \$702 million of revenues, \$780 million of expenditures and net other additions of \$104 million.

Mr. Wamsley reported that FY2019 appropriations, including hospital pass-throughs, total \$98 million and include \$3.5 million of new revenues for the Capital Renewal Plan, \$5 million for the Statewide Health Innovations program and approximately \$750,000 for employer fringes.

Tuition revenues are projected to be \$103 million; research revenues will be \$200 million and MUSC Physicians is budgeting \$76 million of reimbursements. A budgeted bottom line of \$25.7 million is caused by the planned sale of two properties. An average 2% pay-for-performance salary increase, along with expenditures associated with increased grant spending comprise the major changes affecting expenditures.

Recommendation of Administration: That this be received as information.

Board Action: Received as information.

Item 5. MUSC Health FY2019 Budget.

Statement: Ms. Goodlett presented the proposed operating budgets for FY19 as well as the long-range financial plan for MUSC Health, which consists of MUSC Physicians, MUHA and MUSC Strategic Ventures.

As the Health System faces the risks of consolidation (which could impact its market rates with commercial rates), health care reform and pressure of providers; having a long-range strategic and financial plan are critical. Key tenants of the financial stability are for MUHA to have a 3% FASB operating margin and to maintain a threshold of 45.50 days cash on hand.

In FY19 performance, the Health System anticipates the following results:

	MUSCP	MUHA	MSV	Eliminating	Total
Net Income	\$293,966	\$35,933,792	\$62,458	(\$292,960)	\$35,997,256
Net Margin	0.1%	2.3%	1.3%		1.9%
Capital Spend	\$13,690,385	\$63,800,000	\$7,600,000		\$85,090,385

Ms. Goodlett walked the board through the major reasons for MUHA missing the operational expense budget and MUSCP's better than expected performance largely driven by supplemental Medicaid in FY18. The board also reviewed the expected operational improvements by category for FY19 specifically related to MUHA.

Recommendation of Administration: That this be received as information.

Board Action: Received as information.

Item 6. Legislative Update.

Statement: Mr. Sweatman reported that MUSC's total state budget allocation increased by 7.5% over last fiscal year which included additional 207 FTEs; \$5 million recurring in statewide Health Innovations; \$3.5 million one-time in Capital Renewal; \$5 million one-time and \$1 million additional recurring in Telehealth; and, \$1 million non-recurring in Statewide Teaching Partnership (AnMed) through Rural Health Proviso through DHHS to MUHA. Sweatman commented that MUSC had a great legislative year and thanked Katherine Haltiwanger and Quenton Tompkins for their hard work in helping to achieve this success. Mr. Sweatman then introduced Mr. Ryan Burnaugh, Health Policy Director, State House Ways and Means Committee, who gave a brief update to the board on the legislative session that just ended and the impact on healthcare.

Recommendation of Administration: That this report be received as information.

Board Action: Received as information.

At 12:47 p.m. Dr. Johnson recognized Mr. Tom Stephenson who made a motion for the Board to return Executive Session to complete the discussion that was started earlier under the motion made by Mr. Jim Battle pursuant to section sections 30-4-70(a) (1) of the South Carolina Code regarding the discussion of employment, appointment or compensation of an employee, a student, or a person regulated by a public body or the appointment of a person to a public body and any contract related thereto.

Board Action: The motion was seconded, voted on and unanimously carried for the Board to return to executive session. Dr. Johnson announced that the board would be returning to executive session at this time.

At 1:22 pm. The board returned to open session with no action was taken.

Item 7. Other Business for the Board of Trustees.

None.

Being no other business to discuss, the meeting was officially adjourned.

Respectfully submitted,



Mark C. Sweatman, Secretary

MCS:jls
Attachments