

Minutes of the Meeting of the Board of Directors
of the
Quality and Charity Care Trust, Inc.

The board of directors of the Quality and Charity Care Trust, Inc. met on Thursday, December 6, 2001 at 12:00 noon in the Jefferson Room, Grawemeyer Hall with the members present and absent as follows:

Present: Mr. Larry Owsley, Chair
Dr. Joel A. Kaplan
Mr. J. Chester Porter
Mr. Skipper Martin
Dr. William P. VonderHaar
Ms. Beth Stenberg
Mr. W. Clarke Johnson
Mr. William Mulloy, Sr.

Absent: Ms. Lynn Howard

From the
University: Mr. William Guy, VPFA Office
Ms. Susan Wilhelm, Controller's Office
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison
Mr. Glenn Bossmeyer, University Counsel

From University
Hospital: Mr. Bob Barbier, CFO, UofL Health Care

Guests: Mr. Bernie Backert, Deloitte & Touche
Mr. Jim Carpenter, Deloitte & Touche
Ms. Mary McKinley, Deloitte & Touche

I. Call to Order

Having determined a quorum present, Chairman Owsley called the meeting to order at 12:05 p.m.

II. Welcome New Members

Chairman Owsley welcomed the new members and explained that since the last meeting of the board in 1996, the parties to the Trust Agreement (in effect since 1983) revised the document in 1984, and again in 1996. The role of the Trust is to ensure the expenditure of funds carry out the terms of the agreement. The Chair distributed a copy of the funding history. In response to Mr. Martin's questions, Chair Owsley noted the Trust Agreement determined the City and County contributions as well as those of other parties.

Chairman Owsley stated the purpose of the meeting was to review the audit of the patient log and charges against the Trust account, noting the contributions total from the 3 (city, county and state) entities were \$29,259,147.

III. Consent Agenda

- Approval of Minutes, July 11, 1996

Dr. Vonderhaar made a motion, which Mr. Mulloy seconded, to approve the minutes of July 11, 1996. The motion passed.

IV. Report of the Ombudsperson

Chairman Owsley distributed the written reports of Ms. Moffett and Ms. Lutz, noting that Ms. Cheryl Lutz received the following calls during 2001:

- One call received regarding needed help with dental care – she referred this person to the indigent program at the Dental School.
- Four calls received regarding questions about applying to the Trust Fund. She referred these people to the business office.
- Two calls received regarding the level of patient care at University Hospital. She referred these calls to the patient advocate.
- One call received regarding Trust Fund coverage for a needed surgery. She referred this person to the business office.

Chairman Owsley noted that Ms. Moffet's report indicates she has served as ombudsman every other month from June 1, 2000 to the present and has received no pages or calls. Dr. VonderHaar reiterated there have been no problems.

V. Report of the Nominating Committee

Mr. Porter reported the nominating committee (comprised of J. Chester Porter, Bill Mulloy, and Bill VonderHaar) recommended the following slate of officers:

- Chairman: Larry Owsley
- Vice Chairman: William Mulloy, Sr.
- Secretary/Treasurer: Dr. Joel A. Kaplan

Mr. Porter moved the above nominations be elected. Dr. VonderHaar seconded the motion. The motion passed.

VI. Report of the Auditors

Chairman Owsley introduced the University's external auditor, Deloitte & Touche (D&T). Mr. Johnson observed that, historically, funding for the Trust Fund is representative of and has been in place to fund

indigent care patients. He noted that University Hospital has a higher number of indigent care patients than other hospitals within Kentucky.

Ms. Mary McKinley of D&T reported the balance of \$128,504. She reviewed the Supplemental Schedule of Indigent Patient Charges Funded by the Trust Year as noted below:

<u>Applicable to Trust Fiscal Year Ended June 30:</u>	<u>Indigent and/or Medically Needy Net Charges</u>	<u>Net Charges Eligible for Trust Reimbursement</u>	<u>Maximum Eligible for Trust Reimbursement</u>	<u>Amounts in Excess of Maximum Reimbursement</u>	<u>Amounts Reimbursed to UMC from Trust</u>
Third Term:					
2001	\$113,931,162	\$ 66,080,074			
Total applicable to third term	\$113,931,162	\$ 66,080,074	\$29,259,147	\$36,820,927	\$29,259,147
Total applicable to second term (1997-2000)	<u>(7,062,426)</u>	<u>(4,096,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total applicable to initial term – February 6, 1996 to June 30, 1996	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total applicable to all periods	<u>\$106,868,736</u>	<u>\$ 61,983,867</u>	<u>\$29,259,147</u>	<u>\$36,820,927</u>	<u>\$29,259,147</u>

Ms. McKinley stated that under the column heading “Maximum Eligible for Trust Reimbursement,” the figure of \$29,259,147 represents the exact amount contributed by city, county, and the state. Column IV, Amounts in Excess of Maximum Reimbursement, was covered by UMC (the net charges minus the contributions of the city, county, and state). Attached to these minutes is a complete audit report.

In response to Chairman Owsley’s inquiry regarding access to the records, Ms. McKinley responded that the audit obtained good sample selections; they received adequate access to appropriate records and financial statements.

In response to Dr. Vonderhaar’s question concerning the DSH fund allocation, Chairman Owsley responded that was a funding source for the hospital and not within the realm of the Board’s responsibility. Chairman Owsley further noted that the funds from the city, county and state were through agreement with state officials and were used to get the match of DSH funds. In response to Mr. Martin’s inquiry regarding whether contributions could be viewed as a provision for indigent care in the community, Chairman Owsley noted that records indicated \$29 million was paid to University Hospital for patients not eligible for other coverage. Auditors verified that these are appropriate charges.

Mr. Johnson added that when a patient comes into University Hospital, the hospital provides the care, and logs the patient for charges against the Trust. The Hospital reviews all qualifications for insurance coverage, medicaid, workmen’s compensation, third party insurance, etc. before charging the patient’s expenses to the Trust. Chairman Owsley noted that the Hospital’s review removed \$7 million from the Trust’s log, representing the patients who were eligible for insurance coverage. Mr. Barbier concurred that this process works well.

There were no questions from the county.

