

MINUTES OF THE BOARD OF DIRECTORS
QUALITY AND CHARITY CARE TRUST, INC.

In Open Session

Members of the Quality and Charity Care Trust, Inc., Board of Directors met on January 22, 2007, at 12 Noon, in the Jefferson Room of Grawemeyer Hall, with members present and absent as follows:

Present: Dr. Larry Cook, Chairman
Ms. Marie Abrams
Ms. Jane Driskell
Mr. Mike Curtin
Mr. Larry Owsley
Mr. Joe B. Jones, Board of Health
Ms. Mary Gwen Wheeler

Absent: Ms. Sandy Metts Snowden

From University
Hospital: Ms. Rosie Lysinger

From the
University: Mr. Glenn Bossmeyer, Associate University Counsel
Mr. Rex Davidson, CPA, Controller's Office
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Others
Attending: Ms. Mary McKinley, BKD

I. Call to Order

Having determined a quorum present, Chair Cook called the meeting to order at 12:05 p.m. Chair Cook welcomed new member, Joe B. Jones. Mr. Jones is a retired pharmacist who has served on various committees of the Board of Health and has been engaged with the public health issues for many years.

II. Action Item: Approval of Minutes, December 12, 2005

Ms. Abrams made a motion, which Ms. Wheeler seconded, to approve the minutes of December 12, 2005. The motion passed unanimously.

III. Report of the Ombudsperson

There was no report.

IV. Report of the Nominating Committee

Mr. Owsley reported the Nominating Committee met earlier on January 22. He reported the Committee's slate of officers for 2007. Ms. Wheeler made a motion, which Ms. Driskell seconded, to approve the following slate of officers for 2007.

Dr. Larry Cook, Chairman
Marie Abrams, Vice Chair
Mike Curtin, Secretary-Treasurer

The motion passed unanimously.

V. Action Item: Approval of FY 2006 Audited Financial Statements

Mr. Curtin reported that BKD, LLP issued a clean, unqualified opinion for the FY 2006 financial statements. Mr. Curtin introduced the University's external auditor, Ms. Mary McKinley of BKD.

Ms. McKinley stated combined receipts from the Commonwealth of Kentucky and the Louisville Metro governments were \$31.8 million. For fiscal year ended June 30, 2006, the Trust's total assets were \$112 thousand compared to \$43 thousand for the year ended June 30, 2005, and to \$203 thousand for the year ended June 3, 2004.

For the fiscal year ended June 30, 2006, combined receipts were \$31.8 million, \$.6 million more than the \$31.2 million reported for the year ended June 30, 2005, and \$1.1 million more than the \$30.7 million reported for the year ended June 30, 2004.

Interest received from cash invested over the past fiscal year was increased by higher interest rates paid during the year. Interest reported for the year ended June 30, 2006 amounted to \$87 thousand compared to \$53 thousand earned in the preceding year, and to \$26 thousand earned in the year ended June 30, 2004.

For the fiscal year ended June 30, 2006, the Trust remitted \$31.8 million to the UMC as compared to \$31.4 million for the year ended June 30, 2005, and to \$30.7 million for the year ended June 30, 2004. The higher amount in the fiscal year ended June 30, 2006 was a result of a \$600 thousand increase in funding provided to the Trust as determined annually by the formula set forth in the Agreement, netted against a \$190 thousand trust residual payment.

Ms. McKinley referred to the Supplemental Schedule of Indigent Patient Charges Funded by the Trust. This schedule identifies the total hospital charges billed for

indigent and/or medically needed patients, the amount of charges eligible for reimbursement through the trust and the amounts actually reimbursed with funding from the Trust. For the year ended June 30, 2006, the total hospital charges for indigent patients at 100% of billing rates established by UMC for hospital case was \$222.3 million, an increase of 14.9% over last year's total of \$193.5 million, and an increase of 43.9% over the total of \$154.5 million for the fiscal year ended June 30, 2004. According to the Trust Agreement, only 58%, or \$128.9 million of these billed charges are eligible for reimbursement. Funding from the Trust amounted to \$31.8 million for the year, leaving \$97.1 million in eligible patient billing that were unreimbursed.

Chair Cook observed the gap between the Indigent and/or Medically Needy Net Charges and the Maximum Eligible for Trust Reimbursement, \$85.5 million, will continue to widen. These funds are crucial to the operation of the University of Louisville Hospital. Dr. Cook said the Trust does not reimburse physicians for their services. There is a huge volume of indigent care and the community receives a large amount of support. Mr. Curtin pointed out expenses related to indigent care exceed receipts.

Ms. Lysinger reported the addition of a few more beds during fiscal year 2006. The mix of patients did not change. The diversion rate for patients decreased from 63 days to 48 days. Trauma, obstetrics and psychiatric patients are not diverted.

In response to Mr. Jones' inquiry concerning practitioner service funding, Chair Cook stated government can play a role in broadening Medicaid and other governmentally funded programs. Faculty physicians support programs such as Passport. Mr. Owsley made a motion, which Ms. Abrams seconded, to approve the

Chair's recommendation that the Board of Directors accept the audit report for the Quality and Charity Care Trust, Inc. for the year ended June 30, 2006 as prepared by BKD.

The motion passed unanimously. Vice President Curtin introduced Mr. Rex Davidson, CPA, accounting manager in the Controller's Office who works with cost escalators and budget calculations and helped BKD with the audit.

VI. Other Business

Ms. Wheeler reported her job has changed in the Mayor's Office and inquired regarding her term of office. Ms. Smith advised that terms of appointment are for three-year periods and explained the Board was composed of six persons appointed by the Board of Trustees of the University of Louisville (one of whom will be selected upon the recommendation of the Governor of the Commonwealth of Kentucky) and three other directors selected by the Board of Trustees, two from a list of at least five nominees submitted by the Mayor of Louisville Metro

and one from a list of three nominees submitted by the Louisville Metro Board of Health. She did not see any reason for Ms. Wheeler to resign.

VI. Adjournment

The meeting adjourned at 12:25 p.m.

BOARD ACTION:

Passed _____X_____

Did not pass _____

Other _____

Asst. Secretary- *Katalin M. Smith*

**RECOMMENDATION TO BOARD OF DIRECTORS OF THE
QUALITY AND CHARITY CARE TRUST, INC.
CONCERNING AUDIT REPORT FOR YEAR ENDED JUNE 30, 2006**

January 22, 2007

RECOMMENDATION:

The Chair recommends:

That the Board of Directors accept the audit report for the Quality and Charity Care Trust, Inc. for the year ended June 30, 2006 as prepared by BKD.

BOARD ACTION:

Passed _____X_____

Did not pass _____

Other _____

Asst. Secretary- *Katalin M. Smith*