



OREGON
HEALTH & SCIENCE
UNIVERSITY

OHSU Board of Directors Meeting

**March 21, 2013
SON – 358/364
1:00 p.m. – 3:00 p.m.**

Agenda

1:00 p.m.	Call to Order/ Chairman's Comments President's Comments Approval of Minutes (Action)	Charles Wilhoite Joe Robertson, M.D. Charles Wilhoite
1:10 p.m.	Financial Results	Lawrence Furnstahl
1:25 p.m.	Integrity Report	Jen Ruocco, Ph.D., OHSU Chief Integrity Officer
1:45 p.m.	Inter-Professional Care Access Network (I-CAN)	Peggy Wros, Ph.D., R.N. Sr. Assoc. Dean, Student Affairs & Diversity
2:00 p.m.	Addressing the Future Health Workforce Needs of Oregon	Jeanette Mladenovic, M.D.
2:45 p.m.	Other Business; Adjournment	Charles Wilhoite

**Oregon Health & Science University
Board of Directors Meeting
March 21, 2013**

Board Members in Attendance: Charles Wilhoite, Ken Allen, Poorav Patel, Maria Pope, Joe Robertson, MardiLyn Saathoff, Amy Tykeson, Jay Waldron

Staff Presenters: Lawrence Furnstahl, Jennifer Ruocco, Peggy Wros, Jeanette Mladenovic

Chair's Comments

Mr. Wilhoite called the meeting to order, welcoming all in attendance and outlining the agenda for the meeting. He noted that he had been privileged to participate in OHSU's first annual State of Diversity event and he acknowledged the efforts of Dr. Norwood Knight-Richardson, Leslie Garcia, and Michael Tom in putting together an exceptional event. Mr. Wilhoite commented that the OHSU Diversity Action Plan continues OHSU's focus on pursuing excellence in diversity and inclusion. He also commended Román Hernández on receipt of the Paul J. De Muniz award from the Oregon Hispanic Bar Association, noting that Mr. Hernández's contributions in bringing legal services to all communities are reflective of the OHSU Board's emphasis on inclusiveness.

President's Comments

Dr. Robertson announced that Dr. Susan Bakewell-Sachs will be the new Dean of the School of Nursing, coming to OHSU from the College of New Jersey. He highlighted her training and background and commented on her interest in OHSU given her experience with trans-professional education and new delivery models. Dr. Robertson noted that in light of the national spotlight on OHSU and Oregon relative to trans-professional education and coordinated care organizations, OHSU must recruit the best and brightest to this challenging environment. Dr. Robertson thanked interim School of Nursing Dean Dr. Chris Tanner for her effective service.

Dr. Robertson commented on OHSU's recently announced hiring freeze implemented in connection with federal sequestration with its anticipated \$33 million annual impact on OHSU, PERS funding increases and the continued erosion of clinical margins. Dr. Robertson emphasized that the hiring freeze will not impact the clinical area where increasing patient volumes require additional staffing, nor will it impact the quality of care provided.

Regarding matters before the Legislature, Dr. Robertson reported that OHSU's proposed budget is slightly less than an inflation adjusted budget, but the best that can be expected during these difficult economic times. He described features in OHSU's policy option package entitled "Scholars for Healthy Oregon," which covers tuition for up to 40 students who commit to practicing in underserved areas for a designated number of years. He also mentioned OHSU's efforts with the skin cancer prevention bill relating to the use of commercial tanning facilities by children.

OHSU signed a joint operating agreement for community outpatient cancer clinics with Legacy Health, leveraging the resources of the Knight Cancer Institute and making services available to a broader range of patients, all consistent with the Vision 2020 strategic plan.

Regarding global health issues, Dr. Robertson reported that OHSU's Global Health Center is hosting the 10th annual Western Regional International Health Conference, addressing a range of global health topics from genetics to human rights. He noted that the conference and the Global Health Center results from students' 7-year efforts to bring awareness to international health issues. He also noted that today's *The Oregonian* reported on an OHSU and Portland VA Medical Center research effort to develop a promising drug that would prevent the spread of malaria, a disease that particularly affects individuals in impoverished regions of the world.

Dr. Robertson mentioned an article by John McConnell, OHSU's health economist, in the Journal of the American Medical Association (JAMA) outlining the benefits of LEAN practices to health centers, as an example of OHSU's continued innovation, not just in education, research, and clinical care, but also for business practices. Another

JAMA article co-authored by OHSU faculty member Dr. Kevin Winthrop related to the connection between the use of certain agents in treating rheumatoid arthritis and the reactivation of the virus that causes shingles.

Referencing the State of Diversity event mentioned by Mr. Wilhoite, Dr. Robertson noted that Mr. Wilhoite was an incredible keynote speaker at the event with an inspiring message emphasizing the importance of diversity and inclusion and OHSU's commitment to the issue. Basic Rights Oregon has recognized OHSU as the 2013 Equality Advocate Honoree for demonstrating outstanding leadership for LGBT equality and providing inclusive healthcare benefits. OHSU is proud of its progress in these areas but recognizes that much work remains.

Approval of Minutes

Mr. Wilhoite asked for approval of the minutes of the December 13, 2012 Board meeting included in the Board Docket. Upon motion duly made and seconded, the minutes were unanimously approved.

Financial Update

Mr. Furnstahl opened his financial update by reporting that operating income through January is ahead of budget at \$36 million and OHSU's balance sheet remains strong, fueled by strong operating results, philanthropy, and the recent stock market recovery. Mr. Furnstahl explained that notwithstanding these positive results, a number of external factors present significant challenges that have led to the current hiring freeze. Federal deficit reduction efforts translate for OHSU to anticipated annual reductions of \$7 million in Medicare revenues and about \$23 million in NIH, NSF and other federal funding. The national trend is a slowing in healthcare spending and a shift from higher paid commercial insurance to Medicare and Medicaid. This trend is borne out by OHSU's results through January reflecting a 7% year-over-year increase in patient activity, but only a 5% increase in net patient revenue. Another challenge is the anticipated \$21 million annual increase in OHSU funding for PERS.

For context, Mr. Furnstahl referred to written materials provided to the Board depicting OHSU revenue and expense by type, and reflecting over 70% of revenue from patient care, approximately 50% of revenue from government sources, and approximately 60% of expenses in salaries and benefits. He also referenced Board materials depicting overall NIH funding and OHSU NIH awards over time, commenting on the impact of NIH budget withholds and sequestration on OHSU grant revenues. To maintain OHSU's solid financial standing, OHSU is reducing discretionary spending and implementing the hiring freeze, as well as accelerating what was a four-year plan for implementing PWC administrative and research productivity redesign efforts.

Referencing the budgeting challenge posed by the difficulty in forecasting federal spending, Mr. Furnstahl indicated that we are planning for slower growth, compared to 6 to 7% growth over the last decade and current growth of 4.5%. This parallels national trends. Responding to questions from Board members, Mr. Furnstahl and Dr. Robertson explained that while tight NIH budgets have occurred periodically, they expect that the underlying interest in and demand for biomedical research will result in increased levels of spending again in the future. They also commented that although OHSU may reallocate lab space, in light of recent large philanthropic gifts directed largely to research, we are unlikely to have excess lab space. They also discussed OHSU's ability to backfill lost funding from other sources. And in response to a Board member question, Mr. Furnstahl explained the methodology for the disbursement of gift funds and the accounting for same.

Mr. Furnstahl concluded his remarks by noting that meeting budget targets will require multiple tactics including: optimizing clinical space, achieving rate increases on privately sourced revenue, scaling the variable components of research to the level of funding, holding down administrative costs, and completing the productivity and process redesign. Given the uncertainty in the public policy outlook on the federal level, prudent and frugal spending is necessary to maintain a strong financial foundation.

Integrity Report

Jennifer Ruocco, Chief Integrity Officer, outlined the scope of the Integrity Program, crediting Dr. Gary Chiodo and Dr. Ron Marcum for the program's strength. Ms. Ruocco explained the "seven required elements" of a

compliance program derived from the federal sentencing guidelines and their application to healthcare. She described how an effective compliance integrity program must address the culture of the organization by developing the controls, policies, procedures, technology, and training so that everyone “owns” integrity. Recognizing that hundreds of regulations necessitate compliance each day, the principles of integrity must be embedded within all daily operations.

With reference to the 2012 Integrity Program activity, Ms. Ruocco acknowledged the efforts of Dr. Marcum and his team to facilitate the leadership transition. She noted that the Sunshine Act became law in 2012, requiring drug and device manufacturers to submit to CMS data about payments to physicians, and contemplating CMS’s posting this data on a public website beginning in 2014. OHSU will manage the disclosure of any payments to physicians or faculty members and any related conflicts of interest. Responding to a Board member question about OHSU publishing information about such payments, Dr. Richardson indicated that OHSU does not get that information directly, but looks to ProPublica for the data. Ms. Wayson added that planned OHSU’s internal processes will allow OHSU to confirm that any published names correlate with required internal disclosures.

Ms. Ruocco mentioned that OHSU has addressed another issue in the conflict of interest arena by adopting policy prohibiting speakers bureaus. Dr. Robertson noted that faculty control over the content of their presentations is essential to ensuring academic integrity. Ms. Saathoff commended the institution for exceeding regulatory requirements and striving to create a culture of integrity based on best practices. Ms. Ruocco also reported that the Code of Conduct will be revised this year, as it is every couple of years, and the Integrity Program is coordinating its internal risk assessment process to strengthen internal controls.

Ms. Wayson acknowledged Ms. Ruocco’s leadership and her transition into her new position at OHSU. Ms. Wayson noted that concerns about information security coupled with recent losses and thefts of mobile devices led to recent adoption of policy prohibiting employees from accessing electronic health information through other than encrypted devices and the approval of funding for the expansion of encryption across the institution and the development of controls for accessing electronic health information. Managing personal devices through policy alone was determined to be insufficient. Ms. Wayson explained some of the protections that encryption and management offer, noting that maintaining the privacy and integrity of health care information is paramount and warrants the investment of additional resources even during difficult economic times. Dr. Robertson concurred, stating that the \$1 million initial investment protects patient health information and the public trust.

Mr. Wilhoite commented that information privacy and security was a focus at the January American Health Lawyers Conference, and he noted that the planned investment in information security is important, appropriate, and timely.

Interprofessional Care Access Network

Peggy Wros, School of Nursing Senior Associate Dean for Student Affairs and Diversity and Project Director for the Interprofessional Care Access Network (ICAN), presented details of the ICAN project, a project funded by a 3 year, \$1.5 million grant from HRSA. The ICAN project is designed to address social determinants of health of some of Oregon’s most disadvantaged and underserved populations by expanding existing OHSU partnerships with neighborhood clinics and community service agencies to create a more coordinated approach to community health in partner neighborhoods. The design is a collaborative and inter-professional model for clinical practice and education that enhances the healthcare experience, reduces healthcare costs, and improves health outcomes. Community partners in the first year are Central City Concern, Macdonald’s Center, and Neighborhood House.

Dr. Wros outlined the goals of the grant, the student and faculty composition of the ICAN team and the targeted clients. She described the process for students completing assessments and then collaboratively developing and implementing care plans that address the social determinants impacting the clients’ health. The project will expand in the next 2 years to include community partners in west Medford and southeast Portland. As the project progresses, OHSU pharmacy and dental students may also be added. Client referrals will begin in the spring.

Responding to a Board member question about the measurement of results, Dr. Wros explained that after a client has been in the program for 12 weeks, a reassessment of the interprofessional collaborative practice will be done and

factors such as the number of emergency room visits and hospitalizations will be measured, as will overall satisfaction with the program. Dr. Wros also explained the inter-professional education elements of the ICAN program as well as the inter-professional Community Health and Educational Exchange (ICHEE) program.

Dr. Robertson noted that this meeting topic underscores OHSU's commitment to addressing the needs of underserved populations and its efforts to recruit into the pipeline scholars most likely to serve in underserved areas.

Future Health Workforce Needs of Oregon Update

Jeanette Mladenovic commended Dr. Wros and Jennifer Boyd for putting together the ICAN grant, OHSU's first formal inter-professional initiative. She proceeded to update the Board on her June 2012 presentation about education, noting that external forces, including healthcare transformation are changing education methods to include more inter-professional education, and that tuition costs and diversity continue to be areas of focus.

Dr. Mladenovic commented that tuition continues to rise for medical, dental, and nursing students, as does associated debt for dental and medical students. To help students, OHSU now has a policy requiring that students who take loans must engage in regular education programs and one-on-one counseling with a trained financial counselor. We have also restructured the process regarding scholarships so that students will get a single financial packet outlining grant dollars, aid based on need and loans, to allow students a better opportunity for planning and oversight. She also reported that OHSU proposed a tuition cap to the legislature, but it did not move forward.

Regarding diversity efforts, Dr. Mladenovic reported that for student recruitment, we have developed a common definition of diversity among the schools to allow for better tracking of our admission pool and graduation pool, and she referenced OHSU's pipeline programs. Regarding faculty, Dr. Mladenovic referenced presentation materials reflecting only slight progress in faculty diversity. To address this, OHSU has joined the Greater Oregon Higher Education Recruitment Consortium which will facilitate the identification of diverse candidates and identifying opportunities for candidates and their spouses. Matching couples is a major issue in higher education recruitment. The Provost's office has also provided a number of departments with financial assistance to supplement efforts to identify and recruit diverse candidates. Responding to a Board member question, Dr. Mladenovic and Dr. Robertson talked briefly about student debt, noting that the average School of Medicine student debt at graduation is over \$200,000.

Dr. Mladenovic reported an upward trend in the number of underrepresented minority and minority students. She described funding allocated to efforts to identify and recruit underrepresented minorities in the various schools, and she described a pilot pipeline program launched at Jefferson and Woodburn High Schools with a goal to expose students to basic science and the healthcare professions. In addition, Dr. Mladenovic explained the purpose and structure of the Healthy Oregon Initiative which is designed to create opportunities for students and to address unmet workforce needs in rural and underserved areas. Dr. Mladenovic is optimistic that, over time, OHSU's programs and the Healthy Oregon initiative will help address Oregon's ongoing workforce needs.

Responding to questions from Board members, Dr. Mladenovic commented on the prevalence of loan repayment programs across the country and the role that inter-professional education may play in driving down the cost of education. Dr. Mladenovic and Dr. Robertson also commented on the relationship of OHSU's workforce training efforts to those of the DO school in Lebanon.

Adjournment

Hearing no further business, Mr. Wilhoite adjourned the meeting.

Respectfully submitted,


Amy M. Wayson, Board Secretary



FY13 January Results: Current Environment and Response

**OHSU Board of Directors
March 21, 2013**

Key Financial Challenges in FY13 – FY14

- OHSU's budget calls for 5% operating margin in the hospital and balanced revenues and expenses in the rest of the university, to produce operating income of \$60 – 63 million per year. Adding back depreciation and investment income, this funds principal repayment plus an annual capital budget of \$134 – 138 million to maintain our physical plant and technology infrastructure.
- Through January, operating income is \$35.7 million, and remains \$5 million above budget. OHSU's balance sheet is stronger than ever. However, there are a number of challenges increasingly apparent right below the surface of these positive results—outlined on the next two pages—which are leading us to apply the brakes on hiring and spending.
- By acting firmly now, with a hiring freeze (with narrow exceptions for critical patient care and other vital positions, such as the deans of nursing and dentistry), plus reductions in discretionary spending (such as consulting and travel), we can ensure that OHSU continues its record of strong financial performance and secures the resources required to sustain and advance our missions of education, research, patient care and outreach.

Key Financial Challenges (continued)

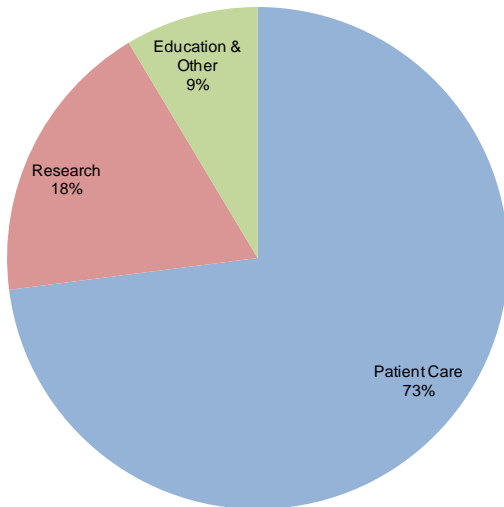
- Federal sequestration and outlook for National Institutes for Health research funding
 - For over 40 years, federal research spending has favored biomedicine
 - But outside ARRA/stimulus bill, NIH funding has declined in real terms since 2003, and NIH is now withholding 10% of grant awards in anticipation of budget cuts (whether through sequestration or otherwise)
 - New grants awarded to OHSU (which is the leading indicator of next year's research revenue) are down -14% through January
- We estimate the annual impact of sequestration on OHSU's federal funding to total between \$30 – 35 million, including a 2% cut to Medicare (about \$7 million) and an 8%+ cut to NIH and other federal programs (about \$23 – 28 million)
- Because faculty and infrastructure costs are generally fixed in the short to intermediate term, about half of this revenue reduction would fall to the bottom line, with the other half resulting in reduced program scope, especially in research

Key Financial Challenges (continued)

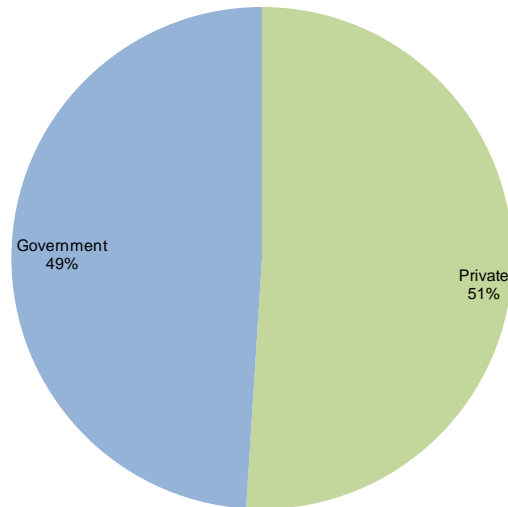
- Health care reform and downward pressure on payment rates for patient care
 - Spending on health care is slowing nationally
 - Population and activity continues to shift from higher-paid commercial insurance to lower-paid government programs—Medicare and Medicaid
 - Through January, OHSU has secured a 7% increase in patient activity, but only a 5% increase in net patient revenues (we expect this gap to narrow somewhat)
- Increasing PERS pension costs
 - Half of OHSU's pension-eligible staff participate in the state's PERS defined-benefit plan, with the other half in OHSU's own UPP defined-contribution plan
 - Gross PERS funding is expected to increase from 14% of salary to 19% on July 1, 2013, and to 24% of salary on July 1, 2015
 - Although OHSU staff in PERS will begin making employee contributions (ramping up to 6% by July 1, 2015), the net cost increase to OHSU will be approximately \$21 million beginning in FY14

Distribution of Revenue & Expense by Type

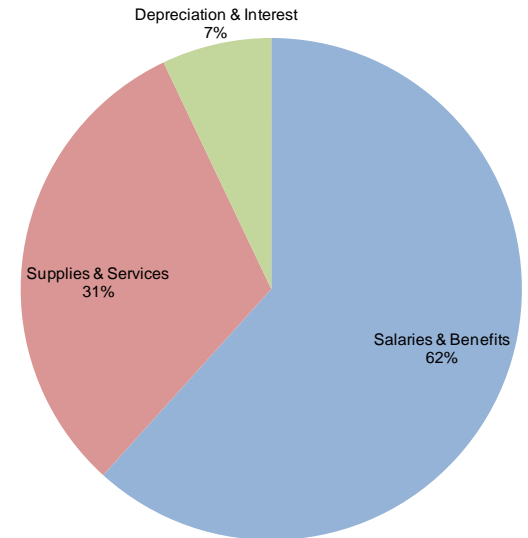
FY14 Targeted Revenue by Type
(total = \$2,142m)



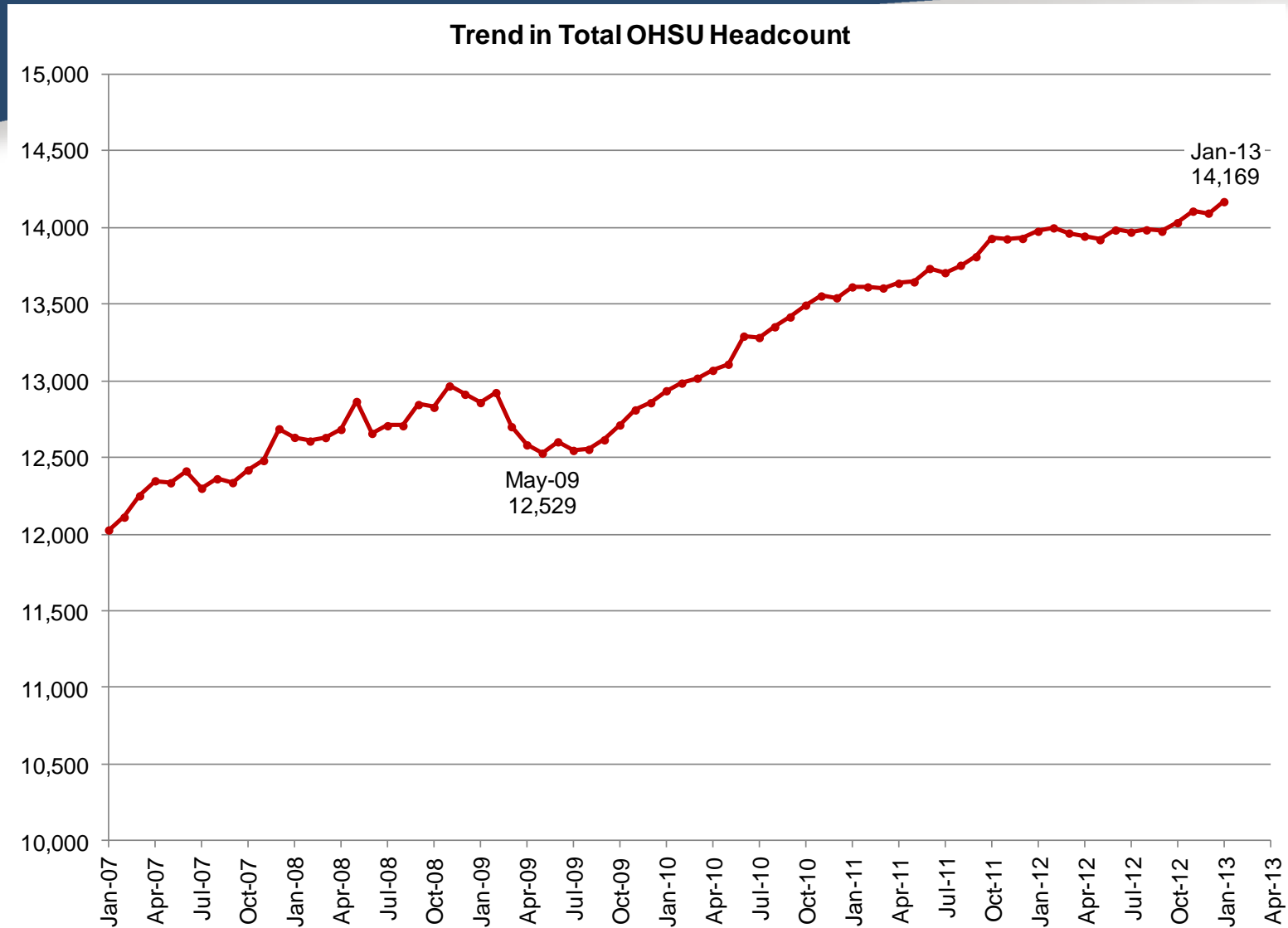
FY14 Targeted Revenue by Funding Source
(total = \$2,142m)



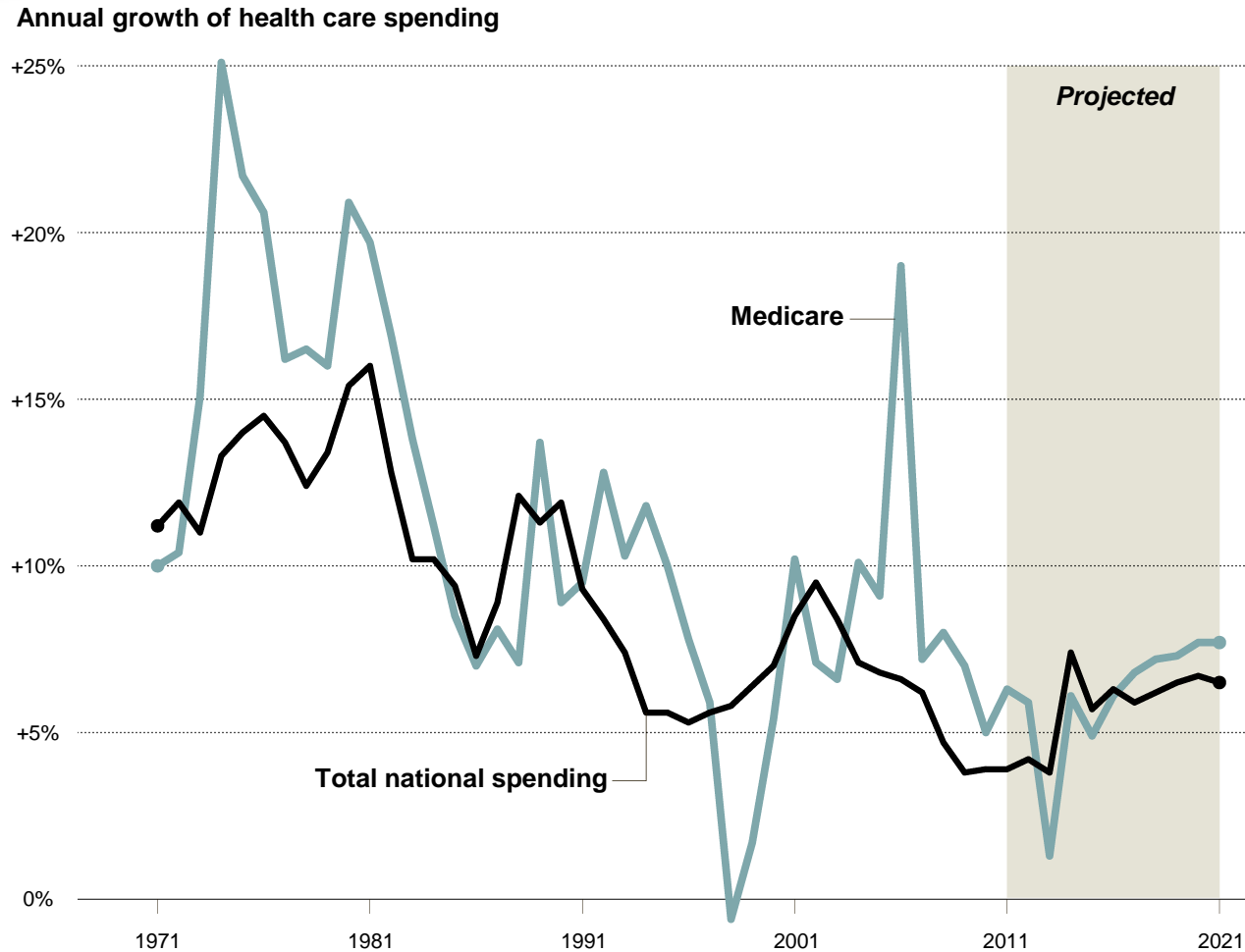
FY14 Targeted Expense by Type
(total = \$2,079m)



Headcount Grows > 14,000 Faculty & Staff



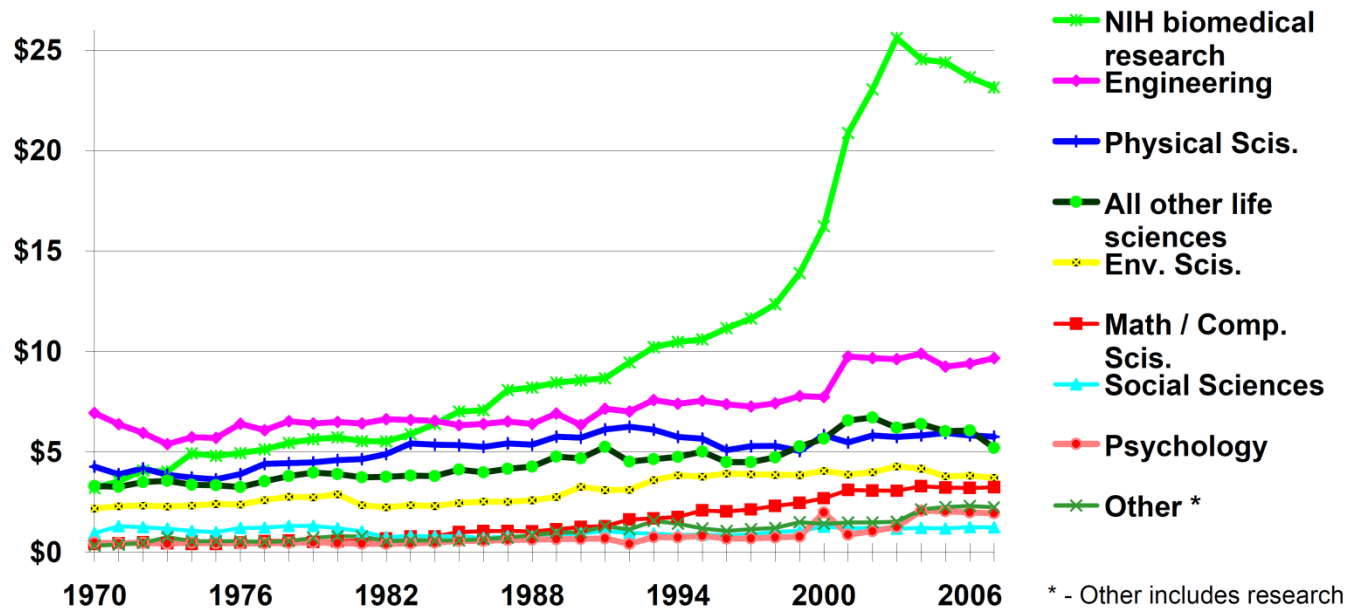
Healthcare Spending Slows Nationally



Source: Centers for Medicare and Medicaid Services,
published in New York Times on 2/26/13

Biomedical Research Favored Historically

Trends in Federal Research by Discipline, FY 1970-2007
obligations in billions of constant FY 2008 dollars



Life sciences - split into NIH support for biomedical research and all other agencies' support for life sciences.

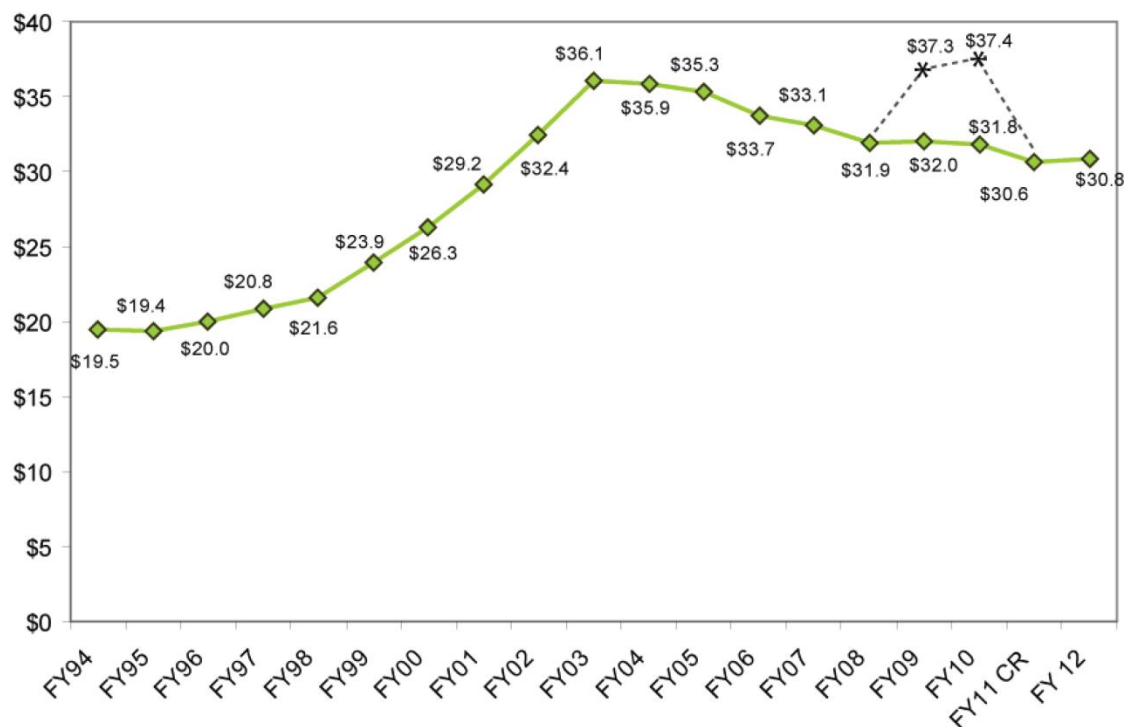
Source: National Science Foundation, *Federal Funds for Research and Development FY 2005, 2006, 2007, 2008*. FY 2006 and 2007 data are preliminary. Constant-dollar conversions based on OMB's GDP deflators. FEB. '08 © 2008 AAAS

* - Other includes research not classified (includes basic research and applied research; excludes development and R&D facilities)



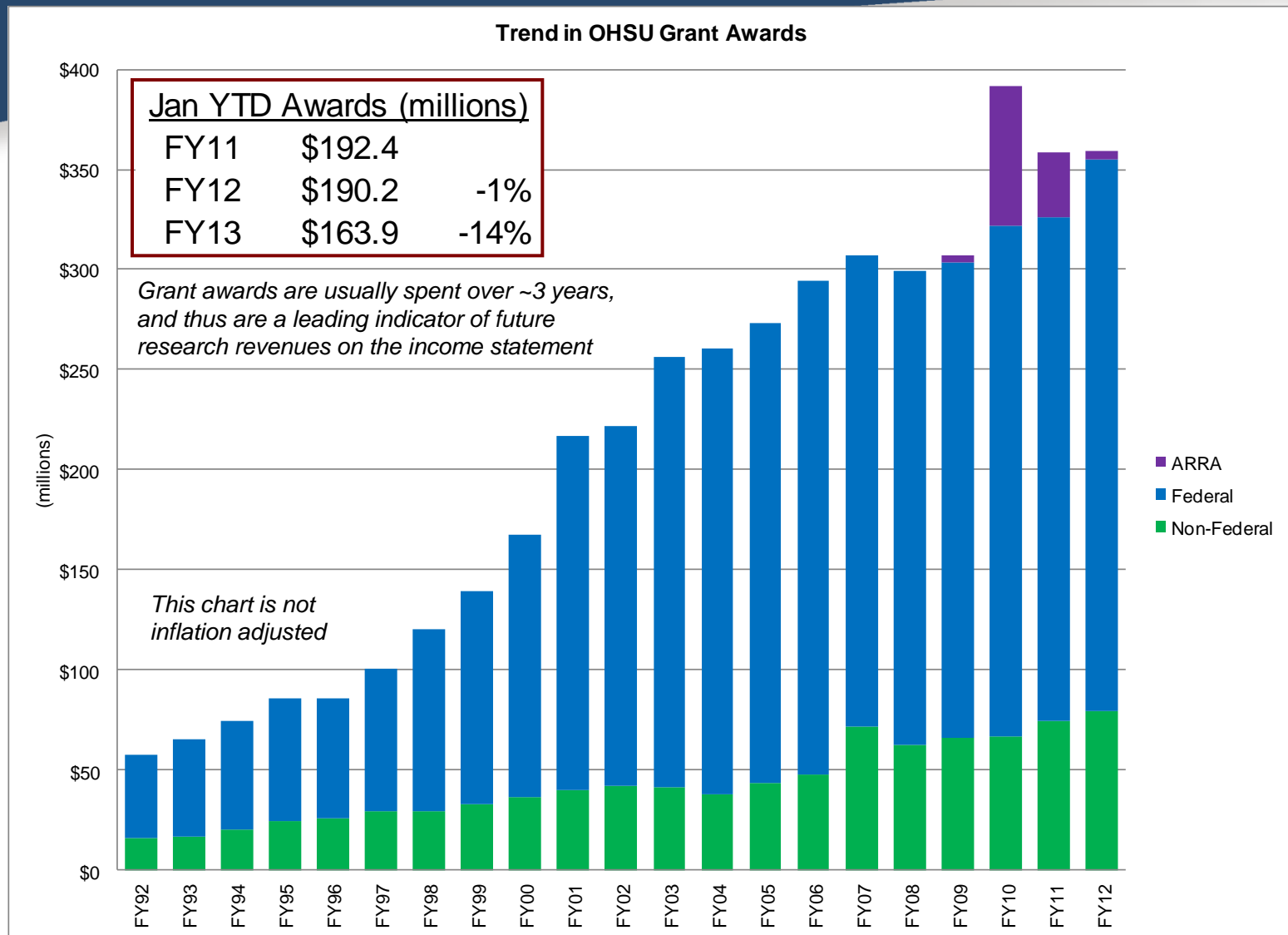
But Declining in Real Terms Since 2003

Figure 2. NIH Funding in Constant Dollars, FY1994-FY2011 CR and FY2012 Request
Purchasing Power in 2011 Dollars Using Biomedical R&D Price Index (BRDPI), Program Level
(\$ in billions)

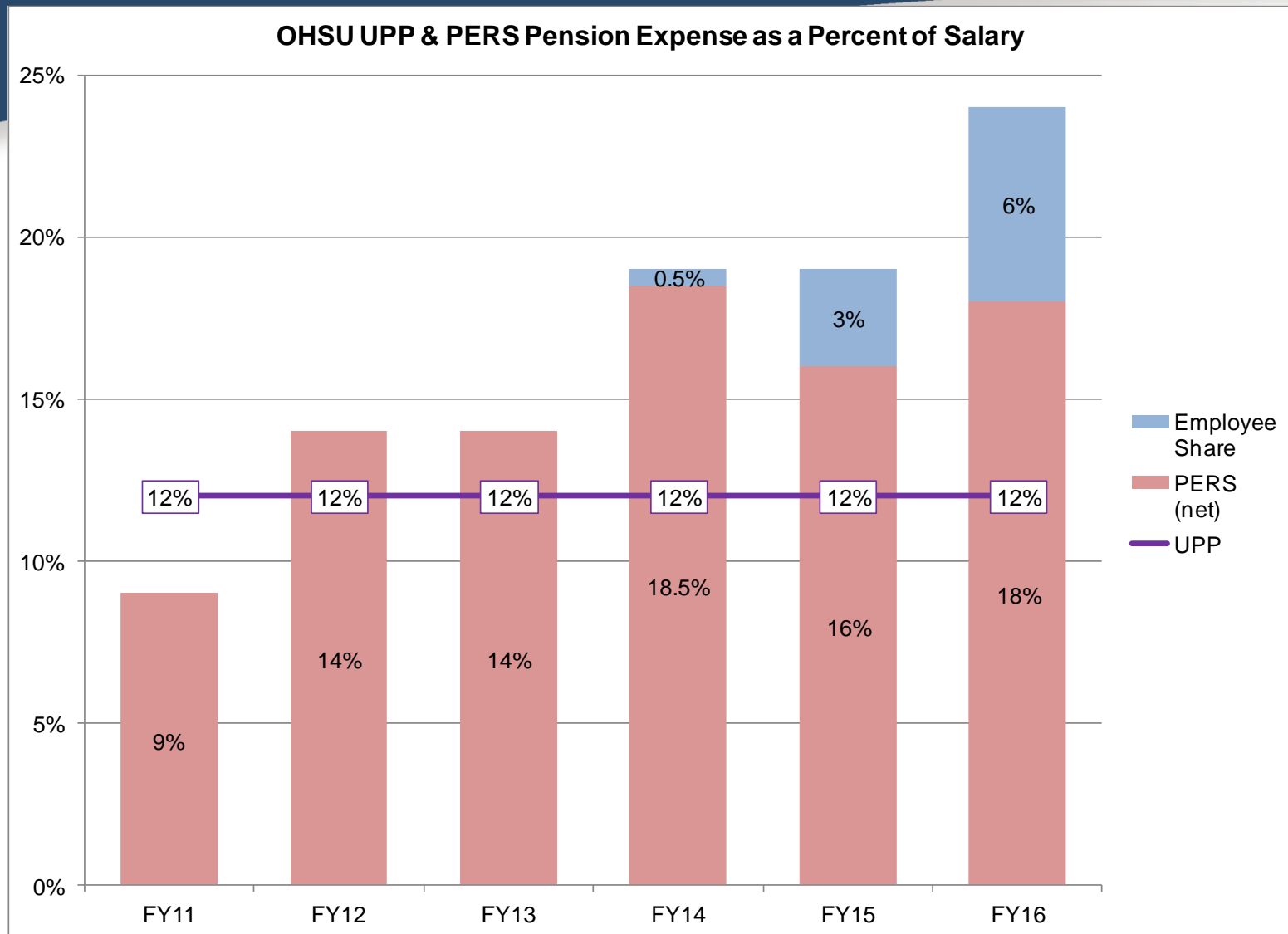


Source: Figure prepared by CRS. Dotted lines and asterisks show the addition of ARRA funds in FY2009 and FY2010. FY2011 amount is based on the Continuing Appropriations Act, 2011 (P.L. 111-242) as amended, which provides temporary funding at the FY2010 rate of operations.

OHSU Awards Reflect NIH Budget Hold-Back



PERS Pension Increment Costs \$21M in FY14



FY13 January YTD Financial Results

- Operating income through 7 months totals \$35.7 million, \$5 million above budget and 27% higher than last year. Hospital earnings are \$11 million above target, while other university operations are \$(6) million in deficit.
- These results include a \$2 million affiliation payment received in January, part of a long-standing real-estate and programmatic arrangement that included OHSU's Oregon Center for Aging & Technology. These funds are earmarked for future investment in ORCATECH under a business plan to commercialize its technology for advanced clinical trials.
- Absent this payment, OHSU is still \$3 million above budget, but this is significantly less than what one would expect, given than patient activity (adjusted for outpatient and case mix index) is running 5% above budget.
- This difference reflects lower payment rates and shifting payer mix for patient care, slow application of gifts to academic programs, and higher expenses in university operations outside of central administrative services (which are running better than budget).

January Earnings at \$36M (\$5M > Budget)

January YTD (7 months) (millions)	FY12 Actual	FY13 Budget	FY13 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	\$830.6	\$851.3	\$871.1	\$19.8	4.9%
Grants & contracts	202.3	217.4	206.1	(11.3)	1.9%
Gifts applied to operations	23.1	35.9	29.3	(6.6)	26.8%
Tuition & fees	32.3	34.2	34.7	0.5	7.4%
State appropriations	20.6	17.5	17.6	0.1	-14.6%
Other revenue	47.9	53.7	54.5	0.8	13.8%
Operating revenues	1,156.8	1,210.0	1,213.3	3.3	4.9%
Salaries & benefits	683.5	719.6	719.3	(0.3)	5.2%
Supplies & services	360.5	377.5	374.2	(3.3)	3.8%
Depreciation	64.2	63.9	65.1	1.2	1.4%
Interest	20.5	18.3	19.0	0.7	-7.3%
Operating expenses	1,128.7	1,179.3	1,177.6	(1.7)	4.3%
Operating income (loss):					
Hospital	32.9	30.7	42.1	11.4	28.0%
Other university	(4.8)	0.0	(6.4)	(6.4)	33.3%
Total OHSU	\$28.1	\$30.7	\$35.7	\$5.0	27.0%

Patient Activity 7% Above Prior Year

January YTD (millions)	FY12 Actual	FY13 Budget	FY13 Actual	Actual / Budget	Actual / Last Year
Admissions	17,397	17,631	17,615	0%	1%
Average length of stay	5.3	5.3	5.6	6%	6%
Average daily census	421	424	443	4%	5%
Surgical cases	17,299	17,396	17,713	2%	2%
Emergency visits	26,796	26,665	27,593	3%	3%
Ambulatory visits	419,090	451,638	448,144	-1%	7%
Casemix index	1.88	1.88	1.95	4%	4%
Outpatient share	41.9%	42.4%	42.9%	1%	2%
CMI/OP adj. admissions	56,276	57,577	60,169	5%	7%

FY13 January Results (continued)

- As noted earlier, to address these concerns, we are “applying the brakes” firmly to hiring and discretionary spending across OHSU, to get ahead of the challenge.
- For the rest of FY13, and going into next year’s budget, we are:
 - Ensuring that available and appropriate gift funds are applied
 - Ensuring that central administrative areas, which through January are spending 9% below budget, stay below budget.
 - Freezing hiring, for both new and replacement positions, with only narrow exceptions for critical patient care and other truly vital roles, at the personal approval of the responsible Executive Leadership Team member.
 - Corresponding reduction in discretionary spending, such as travel and consulting.
 - Accelerated completion of administrative and research productivity redesign from the PwC engagement.

OHSU Net Worth > \$2.1B with 2nd Knight Gift

- Operating earnings, positive investment returns and the Knight Cardiovascular Institute gift pushed consolidated OHSU net worth above \$2.1 billion on January 31, 2013.
- OHSU-held cash & investments are up \$22 million, reflecting payment by the IRS to OHSU of last year's FICA settlement, net of spending from project funds on CLSB.

(millions)	6/30/12	1/31/13	Jan YTD
Cash & investments	\$498.9	\$561.5	\$62.6
Quasi-endowment	83.1	87.7	4.6
CLSB project funds	130.0	94.5	(35.5)
Debt service & bond funds	55.2	45.3	(9.9)
OHSU-held cash & investments	<u>767.2</u>	<u>789.0</u>	<u>21.8</u>
Interest in Foundations	664.7	783.8	119.1
Net physical plant	1,282.1	1,325.6	43.5
Long-term debt	(800.9)	(773.8)	27.1
Other assets, net	35.6	(0.5)	(36.1)
OHSU net worth	<u>1,948.7</u>	<u>2,124.1</u>	<u>175.4</u>

(millions)	Jan YTD
Operating income	\$35.7
Depreciation	65.1
Investment total return & other	20.6
Sources of cash	<u>121.4</u>
Capital spending	(108.6)
Debt repayment	(27.1)
Working capital & other, net	36.1
Uses of cash	<u>(99.6)</u>
Change in cash & investments	<u>\$21.8</u>

Operating income	35.7
Investment total return	16.4
Gain on Foundations	119.1
Capital gifts & other	4.2
Total change in net worth	<u>\$175.4</u>

FY14 Budget Framework

Within the context of the national trends and January YTD results, units throughout OHSU are developing the FY14 budget, which we will bring back to the Finance & Audit Committee for review on June 17th, and request approval from the Board on June 27th.

To budget is to choose. Two years ago, we refined OHSU's budget process, with the following goals:

- a. To encourage prioritization and tradeoffs to allocate resources optimally
- b. To set targets to measure financial performance
- c. To ensure reasonably equal rigor across areas
- d. To keep overhead costs from growing disproportionately
- e. To keep us from spending the same dollar twice
- f. To allow flexibility to meet emerging opportunities and challenges, because we have done a – e.

FY14 Margin Targets by Area

- In order to create a more predictable multiple-year budget planning process, we established the following margin targets for three budget cycles (FY12 – FY14):
 - Hospital 5%
 - School of Medicine/Practice Plan 2%
 - Provost Schools 4%
 - Research Centers/Institutes 0%
 - Special units with budgeted deficits 10% reduction in deficit
 - Administrative/overhead units Growth < total revenues
 - Incremental OHSU-wide support initiatives \$2 million pool
 - New overhead allocation methodology implemented FY12, refined FY13 -14
- Together, these margin targets reflect a 5% margin on hospital revenues and a balanced budget in the rest of the university, or approximately \$63 million in FY14. Adding back depreciation and subtracting principal repayment, this will fund an annual capital budget of approximately \$138 million, or 3% above the current year's level.

Budget Target by Revenue & Expense Line

OHSU Budget Target (millions)	FY12 Actual	FY13 Est. (H1 x 2)	FY14 Target	FY14T / FY13E
Patient revenue	\$1,441	\$1,495	\$1,563	4.6%
Grants & contracts	355	352	333	-5.3%
Gifts applied	49	50	62	22.0%
Net tuition	60	58	60	4.5%
State appropriations	35	30	30	1.0%
Other revenue	95	89	93	4.5%
Operating revenues	2,036	2,074	2,142	3.3%
Salaries & benefits	1,184	1,223	1,283	4.9%
Supplies & services	623	637	650	2.0%
Depreciation & interest	146	144	147	2.0%
Operating expenses	1,953	2,003	2,079	3.8%
Operating income	\$83	\$71	\$63	-11.2%

Guidelines to Meet Budget Targets

Meeting these targets will require the following, or actions of equivalent financial impact:

- a. 4.5% rate growth in the half of OHSU revenues funded by private sources
- b. 1.0% rate growth in the half of OHSU revenues funded by government sources
- c. Holding unit increases in salaries & benefits to 3% (outside of PERS)
- d. Holding unit increases in supplies & services to 2%
- e. 2.5% patient activity growth, with 67% variable cost factor
- f. Completing implementation of PwC/productivity and process improvement, especially outside the hospital (which is ahead of schedule), and securing the leanest and most efficient administrative and support services
- g. Particular challenges include the impact of health care reform and federal budget/sequestration, incremental PERS costs, startup costs for the Collaborative Life Sciences Building, and the imbalance in FY13 YTD performance between hospital / other university areas

FY14 Cash Flow Target

- FY14 cash flow target is designed to fund a reasonably robust annual capital budget, while maintaining OHSU's days cash on hand at about 180 days—a key credit rating consideration.
- Given expected growth in our budget next year, this will require about \$25 million in free cash flow.
- The targeted \$63 million in operating income meets this test, while supporting a capital budget of \$138 million (excluding completion of CLSB), which is a 3% increase from FY14.

FY14 Cash Flow	(millions)
Operating income	\$63
Depreciation	117
Investment return	16
Sources of cash	<hr/> 196
Annual capital	(138)
Principal repayment	(23)
Working capital	(11)
Use of cash	<hr/> (172)
Net cash flow	<hr/> \$25

Key Challenges to Manage in FY14 Budget

- Achieving 4.5% aggregate rate increase on half of OHSU revenues from private sources (each 0.5% point = \$5 million)
- Securing hospital capacity for further 2.5% growth in patient activity, through lower length of stay, increased high-tech ambulatory capacity (such as chemo infusion) and partnership strategies
- Scaling variable components of research enterprise to lower levels of grant funding
- Completing implementation of PwC/productivity & process redesign efforts throughout the university, on an accelerated time line
- Managing transition to CLSB for 2014 opening
- Continued uncertainty in public policy, especially federal budget
- In view of the financial landscape ahead, cautionary belt-tightening through a hiring freeze now is a prudent and necessary action, and will help OHSU manage these risks, from a strong financial foundation



OHSU Integrity Program

2012 Annual Report to the
OHSU Board of Directors

Presented by: Jennifer Ruocco, PhD
Chief Integrity Officer

Date: March 21, 2013

A brief history...

- **Pre-1991**: Federal Sentencing Guidelines (FSG) applies to individuals.
- **1991**: FSG expanded beyond individuals to include organizations (FSGO).
 - Incentivize organizations for having “effective” compliance programs in place.
- **1996**: With the passage of HIPAA, the DHHS OIG (Department of Health & Human Services, Office of Inspector General) is given increased authority to investigate and enforce health care fraud (federal).
- **1998**: DHHS OIG issues guidance for compliance programs, based on FSGO guidelines.
- **2005**: DHHS OIG issues supplemental guidance.
- **2010**: Health Care Reform Act grants DHHS authority to require compliance programs as a condition of enrollment... *regulations to come!*

Program effectiveness

To have an effective compliance and ethics program...an organization shall—

- (1) **exercise due diligence** to prevent and detect criminal conduct; and*
- (2) otherwise **promote an organizational culture** that encourages ethical conduct and a commitment to compliance with the law.*

*Such compliance and ethics program shall be **reasonably** designed, implemented, and enforced so that the program is **generally effective** in preventing and detecting criminal conduct. The failure to prevent or detect the instant offense does not necessarily mean that the program is not generally effective in preventing and detecting criminal conduct.*

- U. S. SENTENCING COMMISSION GUIDELINES MANUAL (§ 8B2.1)

Program effectiveness

- **Effective programs include, at a minimum, the following 7 elements (also known as “the 7 required elements”):**
 1. Written policies & procedures
 2. Program oversight & governance, including:
 - a. oversight by a governing authority
 - b. assignment of overall responsibility to high-level personnel
 - c. delegation of operational responsibility to specific individuals, allocation of resources
 3. Training and communication
 4. Monitoring and auditing
 5. Hotline or other effective reporting mechanism
 6. Disciplinary measures; appropriate corrective action
 7. Prevention: Periodic risk assessment and modification of program to reduce risks
- **...”operational excellence”**

Integrity: A holistic approach...



OHSU Integrity Program: Core Values

- Integration
 - ...into operations
 - ...across operational units
- Flexibility
 - The highly-regulated nature of healthcare and research necessitates creative, flexible problem-solving.
- Ownership
 - Ultimately, individual employees and departments “own” integrity
 - Individual accountability

CY 2012 Highlights

- Onboarded new CIO
- Information Privacy and Security
- Conflicts of Interest
 - Sunshine Act
 - Speaker's Bureaus

CY2013 Annual Planning

- Code of Conduct revision
- Launch integrated risk assessment process across all integrity areas (“prevention”)
 - When possible, use data-driven approach to analyze scope of risk.
 - Identify policy, procedure, technology, training, improvements.
 - Vetting mitigation strategies with leadership, stakeholders, units.
 - **Mitigation = Actionable, realistic, reasonable.**

OHSU Integrity Program

Thank you!

Questions? Comments?



**OHSU INTEGRITY PROGRAM
ANNUAL REPORT**

TO THE

OHSU BOARD OF DIRECTORS

CALENDAR YEAR 2012

Presented March 21, 2013

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Introduction

In this Annual Report to the OHSU Board of Directors, we present information related to current national interest in all Integrity Program areas, how the OHSU Integrity Program has responded to those areas, and other integrity initiatives at OHSU. For easy reference, there is a **Glossary of Acronyms** at the end of this report.

As the Board is aware, in 2012 OHSU hired Jennifer Ruocco, PhD as the Chief Integrity Officer. Prior to Jennifer's start date in August, Ronald G. Marcum, MD, served as Interim Chief Corporate Integrity Officer and Janet Billups, former OHSU Legal Counsel and Policy Advisor to the Vice President of Research, served as Interim Chief Research Integrity Officer. This report discusses Integrity Program activities through both periods of leadership.

The OHSU Integrity Program promotes integrity and compliance throughout the OHSU community. Specific areas of responsibility include: the management and promotion of the OHSU Code of Conduct and hotline; healthcare integrity, including clinical billing; information privacy and security; environmental health and radiation safety; internal audit, research integrity; and integrity training and communication. There are several areas that may include integrity or compliance issues but that are not within the direct oversight of the Integrity Program. Such areas include hospital Joint Commission standards, quality issues, contracting, employment rules, and others. The direct oversight for those areas is handled in other departments; however, there is a high degree of coordination with the Chief Integrity Officer and the Integrity Program when appropriate.

Audit & Advisory Services (AAS)

1) TRENDS AFFECTING INTERNAL AUDIT:

Federal agencies continue to emphasize the importance of effective internal audit programs. In cases where institutions have been fined or sanctioned for compliance failures, the requirements of corporate integrity agreements imposed by the government include internal audit capacity and function. Recurring "hot topics" identified by audit organizations and federal agencies include:

- Information technology and security issues;
- Research compliance (human and animal subjects, grant compliance, effort reporting, ARRA fund compliance);
- Employee relationships that may trigger conflict of interest issues;
- Controlled substance records;
- Capital construction projects;
- Hospital and clinical billing and receivables; and
- Charge capture

a) OHSU UPDATE:

- i) In calendar year 2012, AAS participated in 21 projects, several of which relate to the above items of national interest. The process of developing an annual plan for subsequent year audits includes careful analysis of information from the national picture, review of areas that AAS has audited within the past two years, internal assessments of the risk environment, and judicious allocation of audit resources by the AAS Committee.
- ii) Continuous Auditing: An evolving regulatory environment has made the implementation of electronic audit systems essential for an effective audit program. AAS continued to use a software program during CY 2012 to perform audit analytics and continuous auditing techniques. This program is designed to aid in identifying suspected errors and analyzing entire data populations for anomalies, control deficiencies, and emerging risks. The benefits of implementing continuous auditing are realized through timely identification and correction of errors, increasing the efficiency of limited audit staff resources, and creating a stronger internal control environment across the OHSU enterprise.

- iii) Staffing: AAS ended calendar year 2012 with 2.6 FTE. All current auditors hold multiple certifications, including Certified Internal Auditor, Certified Fraud Examiner, and Certified Public Accountant. The AAS staff will increase to 3.6 FTE when a newly hired Staff Auditor begins working on March 18, 2013.

Conflicts of Interest

1) THE SUNSHINE ACT AND PAYMENTS TO PHYSICIANS:

Conflict of interest issues continue to be an item of interest to the public and the federal government. The final rule implementing the Sunshine Act was released on February 1, 2013 by the Centers for Medicare & Medicaid Services (CMS). The Sunshine Act (passed in 2010 as part of the Affordable Care Act) requires certain drug and medical device manufacturers to begin collecting data on all payments and other transfers of value to physicians and teaching hospitals by August 1, 2013. CMS plans to release the reported data on a public website by September, 2014.

The final rule provides a number of clarifications, such as:

- CMS excluded from the reporting requirements, certain hospitals, pharmacies and laboratories that manufacture an item solely for use by the entity itself or its patients.
- CMS excluded from reporting requirements certain funding for continuing medical education programs (those organized by specific professional associations where a manufacturer does not pay the speaker directly);
- CMS created separate reporting and publishing procedures for payments related to research.

a) OHSU UPDATE:

The Integrity Office will integrate awareness of the Sunshine Act into current educational materials, through the OHSU Integrity website, and within Big Brain training modules. Data from the Sunshine Act database will be checked by the OHSU Conflicts of Interest (CoI) Office to assure the consistency of that information with disclosures by OHSU providers via our internal CoI processes.

2) SPEAKER'S BUREAUS:

Media attention continues around the subject of faculty participation in speaker's bureaus, where faculty members are recruited to speak on behalf of a drug/device company. The concern is that although these speaking engagements may be educational regarding a specific therapy, those who participate may also be seen as spokespersons for the pharmaceutical industry. The American Medical Student Association (AMSA), which releases an annual scorecard (called the PharmFree Scorecard) of medical schools' policies related to conflict of interest and vendor interactions with physicians, has given OHSU a "B" grade over the past several years. One of the policy issues called out as contributing to this grade is the fact that OHSU policy does not strictly prohibit participation in speaker's bureaus.

a) OHSU UPDATE:

Previous OHSU policy allowed faculty to participate in industry-sponsored speaking engagements as long as certain conditions were met, such as OHSU's having control over the content of the lecture. In 2012, the School of Medicine (SOM) reconvened a task force that had previously contributed to OHSU's vendor, gift, and conflict of interest policies in order to review current policies and consider additional recommendations. A medical student representative as well as several SOM faculty members and the Associate Director of the Integrity Office/Research Integrity Office also served on the task force, led by the Chair of the Department of Psychiatry. The task force recommended that OHSU strengthen the policy language to specifically prohibit participation in speaker's bureaus. This recommendation was adopted and is currently in the final stages of approval.

Environmental Health & Radiation Safety

1) PHARMACEUTICAL WASTE:

High profile discussions of pharmaceutical wastes found in public waterways have created concern about drinking water sources. Proposed revisions to long-unchanged federal Environmental Protection Agency

(EPA) rules on pharmaceutical waste management will affect the way health care institutions manage waste streams and likely will involve increased monitoring and costs associated with disposal practices.

The EPA withdrew a new rule specific to pharmaceutical waste handling and disposal in late 2012. They are currently planning to issue a substantially modified version of the rule in August, 2013. This rule will replace all past pharmaceutical waste regulations and will likely be adopted and promulgated by the Oregon Department of Environmental Quality (DEQ) within a 1-2 year period. The new regulation will involve increased collection, recordkeeping and disposal costs.

- a) OHSU UPDATE: EHRS is in the process of conducting pilot studies in two OHSU pharmacies in an effort to quantify the volumes and classes of regulated pharmaceutical waste generated. In 2013, pilots will also be implemented in selected inpatient units. These pilots are being conducted in collaboration with DEQ Technical Advisory services and will provide the basis to develop operating procedures to comply with new regulations and will assist with projected cost estimates.

2) CHEMICAL SAFETY:

Over the past several years, a number of news-making accidents in academic laboratories have occurred, which have raised concern regarding laboratory safety practices involving hazardous chemicals. One notable incident involved a research lab assistant at UCLA that died from burns received while using the pyrophoric chemical: tert-butyl-lithium. As a result of this incident, felony charges were filed against the UCLA laboratory director and the University of California Board of Regents based on labor code violations.

- a) OHSU UPDATE: OHSU has a Chemical Safety Plan and several laboratory safety training modules. There is not presently a full-time individual dedicated to chemical safety across the organization, including in research areas. A reorganization within the Research Safety group has allowed the development of a new Chemical Safety Officer position. This position will be responsible for conducting a full review of chemical safety needs for OHSU, based on the degree to which hazardous chemicals are in use at OHSU, and proposing recommendations for program improvements including inventory requirements and system recommendations.

3) OHSU/PSU PARTNERSHIP:

- a) The OHSU EHRS Director completed a one-year, part-time engagement with Portland State University (PSU) EHS in late 2012. The year resulted in increased and ongoing collaboration between the two safety departments and concluded in performance improvement recommendations for PSU EHS. This opportunity provided one possible model for additional partnership between the two schools. Both safety programs benefited from the exploration and comparison of existing programs. Closer professional relationships will lead to improved collaboration in the implementation of safety and environmental programs for the new Collaborative Life Sciences Building.

Healthcare Integrity

1) FEDERAL/STATE AUDITS:

The Centers for Medicare and Medicaid Services (CMS) under the U.S. Department of Health & Human Services (DHHS) recovery audit contractor (RAC) audit program was made permanent on January 1, 2009 and the program continues with increased audit activity across the U.S. Medicare Administrative Contractor (MAC) and non-RAC Managed Care audits are also being conducted by contracted third parties without a limit on the number audits for an institution in a given time period.

- a) OHSU UPDATE: The OHSU Hospital Clinical Integrity Program receives and processes all RAC, MAC and non-RAC Managed Care Hospital audit requests. If auditing or monitoring identifies a wrongfully billed service or submitted claim, an analysis of the process leading to the incorrect billing is conducted. If a process error is identified, it is corrected. Identified overcharges are corrected when identified, and credit balances are refunded in a timely manner and in accordance with Medicare and other third-party payer requirements. As noted in the OHSU Clinical Compliance Plan, OHSU “is

committed to preventing fraud and abuse in billing and are responsible to submit only charges that are truthful and accurate, that reflect medically necessary or appropriate services, and that are fully supported by health care record documentation.” Attention is given to submitting a correct claim for payment the first time. The following describes activity in specific audit areas:

- i) OHSU RAC Task Force: Since July 2008, OHSU has worked internally via a multi-department “RAC Task Force” to review the RAC findings and citations from other states and to review demonstration audits conducted at other facilities from 2005 to 2007. In addition, our internal billing monitoring and auditing program looks for potential exposure in all areas. The monitoring includes hospital and clinics, professional, and clinical research billing activity. All elements of the OHSU clinical billing process are reviewed from front end process, encounter documentation, coding of service provided, submission of charges, and evaluation of payer responses through posting and reconciliation of payments received.
- ii) RAC Hospital Activity: As of February 14, 2013, OHSU Hospital had received 71 automated denial notifications and 3,228 complex inpatient requests from the RAC auditors. Automated denials of payments by the RAC auditors are generated by the auditor’s review of electronic billing data and do not require submission of documentation unless OHSU challenges the denial. Complex reviews require that the patient charts and all documentation to be submitted to the RAC.
- iii) RAC Results: The Hospital complex review requests have resulted in 344 confirmed denials (\$3.1M), 2146 reviews that were found favorable to OHSU (\$48.8M), and 131 where OHSU was underpaid (\$1.5M). 607 (\$12.0M) remain outstanding. The CMS appeal process is a five step process and can take several years if a case is appealed to the fifth level of appeal.
- iv) RAC Activity on Professional Fees: RAC auditing of professional fee billing remains low. During 2012, there were 116 services reviewed by the RAC auditors.
- v) Non-RAC Managed Care Audits. As Medicare has been successful in finding dollars through their post payment audits such as RAC, Medicaid has initiated its own RAC audits (non-RAC audits). As of February 14, 2013, OHSU Hospital has tracked 662 (\$15.1M) non-RAC audits by various audit companies. About 45% of the cases are for United Health Care Medicare Managed Care patients and all are post-payment audits. There have been 93 (\$688K) denials, 417 (\$11.4M) claims upheld, and 152 cases still open (\$3.0M). OHSU has appealed 45 (\$477K) cases and won 26 (\$348K) and lost 9 (\$43K) with 10 (\$86K) outstanding.

2) DHHS OFFICE OF INSPECTOR GENERAL (OIG) WORKPLAN:

The 2013 Work Plan, published by the Office of the Inspector General (OIG) in October, 2012 provides insight into the clinical compliance risk areas that will receive particular governmental scrutiny. The 2013 Work Plan identifies risk areas that will be the focus of the OIG’s investigations and inquiries. Many key areas of interest were also in previous Work Plans and include:

- Medicare Inpatient and Outpatient payments to acute care hospitals;
- Acute-care hospital inpatient transfers to inpatient hospice care;
- Hospital same day readmissions;
- Hospital reporting of adverse events;
- Hospital Admissions with Conditions Coded Present on Admission;
- Hospital Inpatient Outlier Payments;
- Medicare’s Reconciliations of Outlier Payments;
- Duplicate Graduate Medical Education Payments;
- Hospital Occupational-Mix Data Used to Calculate Inpatient Hospital Wage Indexes;
- Inpatient and Outpatient Hospital Claims for the Replacement of Medical Devices;
- Outpatient Dental Claims;
- Outpatient Observation Services During Outpatient Visits;
- Payments to Hospitals for Beneficiary Discharges that Should have been Coded as Transfers;
- Payments for Discharges to Swing Beds in Other Hospitals;

- Payments for Cancelled Surgical Procedures;
- Payments for Mechanical Ventilation.

a) OHSU UPDATE: Since the annual OIG Work Plan is a source of information for potential audits by the RAC auditors, the Hospital Clinical Integrity Program includes the Work plan's key areas of interest related to billing issues in its RAC preparation activities.

Information Privacy & Security

1) INCREASED FEDERAL OVERSIGHT & HIPAA OMNIBUS:

Academic medical centers have seen a substantial expansion of regulatory requirements and federal oversight in recent years and have needed to respond to those requirements in the areas of privacy and security since 2003 with the passage of HIPAA. It is also important to note that while HIPAA/HITECH remains the focus of enforcement efforts, institutions such as OHSU also need to comply with a variety of other regulations at both the federal and state levels, including FERPA (for educational records), Gramm-Leach Bliley (for protection of financial records), PCI/DSS (for certain financial transactions), and a variety of state regulations governing identity theft and genetic information. Federal enforcement in the past several years has also significantly increased, including the levying of significant fines on institutions that do not have adequate controls in place to protect the privacy and security of data

In addition, academic medical centers and other health care entities are embracing the use of new technologies such as smart phones, telemedicine, and cloud computing to meet the needs of these organizations. As the scope of the use of new technologies broadens, so do the compliance risks associated with these devices.

As of January 31, 2013, the U.S. Department of Health and Human Services Office for Civil Rights (DHHS OCR) had received a total of 66,843 privacy complaints. The top five complaints investigated by OCR continue to be impermissible uses and disclosures of protected health information (PHI), lack of safeguards for PHI, restricting access by patients to their own PHI, disclosing more than the minimum necessary PHI, and lack of the provision of the Notice of Privacy Practices to the patient.

Since September, 2009 and as required by the Health Information Technology for Economic and Clinical Health (HITECH) Act, 544 breaches of unsecured Protected Health Information (PHI) affecting 500 individuals or more have been reported to OCR with a total of over 21.5 million patients affected. Of the 544 reports, 139 (25%) involved lost or stolen laptops or portable devices (including smartphones.) Five reports from 2011 and 2012 are from Oregon. All involve the theft of a computer or storage device containing patient information affecting 36,253 patients. One incident from 2012 was reported from OHSU and this incident affected 702 patients.

On January 25, 2013, DHHS published the "HIPAA Omnibus" modifying the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules under the HITECH Act and Genetic Information Non-Discrimination Act (GINA) and includes other modifications to the HIPAA rules. These modifications establish new rules for Covered Entities and Business Associates and are effective September 23, 2013.

a) OHSU UPDATE:

- i) The OHSU Information Privacy and Security Program currently has 1.5 FTE dedicated to assisting OHSU with the variety of information privacy and security compliance requirements. As appropriate, it partners with the Information Technology Group and others within the institution to address information privacy and security issues.
- ii) Encryption is one of the most effective ways to protect the unauthorized disclosure of confidential and patient information. As such, the OHSU Integrity Office, in collaboration with OHSU's Information Technology Group, has pursued an encryption project, with over 9,000 computers

currently encrypted and more are being added each day. In addition to the encryption of desktop and laptop computers, controls were implemented on mobile phones, which restrict access to OHSU information without authorization.

- iii) The OHSU Integrity Office is currently reviewing the HIPAA Omnibus and will create internal controls to address the new requirements via policies and practices prior to the effective date of September 23, 2013.
- iv) The OHSU Integrity Office continues to refine its processes in conducting risk analysis and risk management planning for information privacy and security per guidance from the OCR.

Integrity Education

1) NATIONAL TRENDS:

The Office of the Inspector General, the Office for Civil Rights, the National Institutes of Health, and other federal agencies continue to study and define the elements of an effective compliance program. Education is an essential element and the expectation is that it be continuous, effective, and documented.

a) OHSU UPDATE:

- i) In 2011, the OHSU Integrity Office implemented significant updates to the Integrity Education Booster web based training required of the OHSU workforce. New information included 2012 revisions to the Public Health Service regulations on conflicts of interest in research and several new regulations pertaining to privacy and security.
- ii) Education Summary Report (through 02/25/2013):

	Total Learners	Completed Learners	Percent Compliant
HIPAA - Privacy and You			
All Employees	14025	13988	99.74
All Students	3166	3129	98.83
Respect at the University			
All Employees	14022	13987	99.75
All Students	3166	3108	98.17
Information Security			
All ITG Employees	245	245	100
Hospital Compliance			
Required Employees	5963	5951	99.8
Fraud Awareness			
Required Employees	2216	2197	99.14
Integrity Education Booster			
All Employees	13868	12612	90.94
All Students	3149	2195	69.7

Research Integrity

Human Research Protection Program

1) OHRP/FDA ANPRM:

The U.S. Office for Human Research Protections (OHRP) and U.S. Food and Drug Administration (FDA) published an Advanced Notice of Proposed Rule Making (ANPRM) in 2011 to update the "Common Rule." and invited comments. The Common Rule, which pertains to the protection of human subjects in the

conduct of research, was last updated in 1981. A Notice of Proposed Rulemaking incorporating revisions based on comments submitted is anticipated in 2013.

The ANPRM addresses the following issues:

- Establishing mandatory data security and information protection standards for all studies involving identifiable or potentially identifiable data.
 - Using a single Institutional Review Board (IRB) for all domestic sites of multi-site studies.
 - Revising the existing risk-based framework to more accurately calibrate the level of review to the level of risk.
 - Implementing a systematic approach to the collection and analysis of data on unanticipated problems and adverse events across all trials to harmonize the complicated array of definitions and reporting requirements and to make the collection of data more efficient.
 - Extending federal regulatory protections to all research conducted at U.S. institutions receiving federal funding.
 - Providing uniform guidance on federal regulations (i.e., harmonizing Common Rule, FDA, and HIPAA regulations).
 - Specifically pertinent to recent OHSU initiatives is a proposal requiring written consent for research use of any biospecimen collected for clinical purposes.
- a) OHSU UPDATE: OHSU is positioned well to address the changes proposed in the ANPRM and is awaiting the next Notice of Proposed Rulemaking to evaluate the nature and extent of changes.

Institutional Animal Care & Use Program

1) ACCREDITATION:

The OHSU Central/Waterfront Campus and West Campus have remained fully accredited by the Association for the Assessment and Accreditation of Laboratory Animal Care, International (AAALACi). OHSU's Central Campus animal care and use program has maintained continuous AAALACi accreditation since 1966.

Biosafety Research Integrity

1) REVISED REGULATIONS:

Research with Select Agents (infectious agents and toxins that have the potential to pose a severe threat to public health and safety) continues to be a hot topic of national discussion. In October, 2012, DHHS published final rules to revise the existing regulations pertaining to research with Select Agents. Existing regulations have been in place since 2005 and the final rules for the current changes have staggered effective dates. Some changes went into effect December, 2012, with the remaining changes going into effect April, 2013. Changes in the revised rules include:

- A new tiering system, which places 11 of the 82 currently listed Select Agents as "Tier 1" pathogens that present the "greatest risk of deliberate misuse with the most significant potential for mass casualties or devastating effects to the economy, critical infrastructure, or public confidence";
 - Requirements for additional physical security, occupational health, and personnel reliability measures for laboratories that possess the Tier 1 agents; and,
 - New requirement for Institutional Biosafety Review of synthetic nucleic acids (e.g., nucleic acids that may be chemically synthesized to encode the functional form of a regulated toxin or viral precursor).
- a) OHSU UPDATE: OHSU maintains an active program of research involving Select Agents. Only one of the Tier 1 agents is in use at OHSU. OHSU is in compliance with current regulations which include significant biosafety, security, and incident response requirements for all Select Agent use and the Research Safety program is

currently working to revise the security plan and put other procedures in place as required for working with the Tier 1 agent in order to meet the April deadline for the revised rules.

Other OHSU Initiatives

1) THE COLLABORATIVE LIFE SCIENCE BUILDING

The Collaborative Life Sciences Building (CLSB) is a partnership between Oregon Health & Science University (OHSU) and the Oregon University System (OUS). The CLSB will place portions of OHSU, Oregon State University (OSU), and PSU under one roof. In doing so, the facility will expand partnerships between the universities, expand their teaching facilities, class sizes, research activities and create new employment opportunities. The building will offer highly specialized research laboratory space for OHSU's Center for Spatial Systems Biomedicine (OCSSB). In addition the expanded research facility will allow OHSU to grow its research programs over the next 5-7 years. There is also ample laboratory space reserved for future collaborative research projects involving OHSU and OUS investigators.

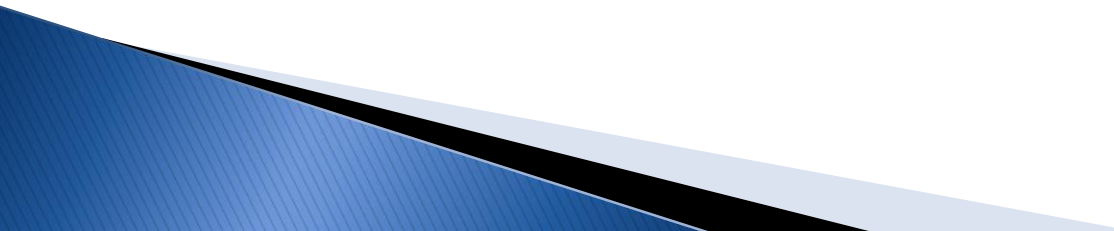
- a) OHSU UPDATE: The OHSU Integrity Program is involved in a variety of initiatives currently underway to assure a successful launch to this collaborative endeavor, including, but not limited to:
- i) A committee composed of representatives from various service groups including Facilities, ITG, Public Safety, EHRS, and others have been meeting regularly to discuss efforts to collaborate with PSU and OSU colleagues and develop a proposal for provision of services to the CLSB, including budget proposals that are being presented to the CLSB steering committee (composed of senior officials from all three universities).
 - ii) A CLSB Policy/Activities Oversight Committee has been formed and will meet regularly to discuss the formulation of policies and oversight for the personnel who will occupy this building and the activities to take place there, with a goal to harmonize oversight efforts for all three institutions. Issues to be considered include but are not limited to: development of a building safety committee, information privacy and security, research compliance, and other regulatory issues, compliance committee oversight for collaborative research that will take place at the CLSB, etc.

Glossary of Acronyms

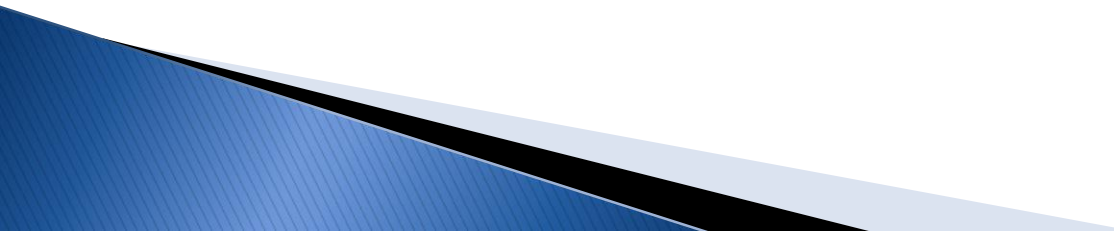
AAALACi:	Association for the Assessment and Accreditation of Laboratory Animal Care, International. This is one of several national associations that oversee compliance with animal research regulations.
AAS:	OHSU's Audit and Advisory Services (internal audit) department.
ANPRM:	Advance Notice of Proposed Rule-Making. As used in this report, the term refers to the notice filed by the Office for Human Research Protections (OHRP) and U.S. Food and Drug Administration (FDA), proposing revisions to Common Rule.
CMS:	Centers for Medicare and Medicaid Services
EHRS:	OHSU's Environmental Health and Radiation Safety Department
FDA:	The U.S. Food and Drug Administration
HIPAA:	The Health Insurance Portability and Accountability Act. HIPAA is divided into three rules related to information privacy, information security, and transaction and code sets.
HITECH:	Health Information Technology for Economic and Clinical Health
IPOC:	Integrity Program Oversight Council. This is the OHSU Board of Directors-level committee charged with oversight of the integrity program.
IRB:	Institutional Review Board. This is the committee responsible for review and approval of all human subjects' research at OHSU.
ITG:	OHSU's Information Technology Group
MAC:	Medicare Area Contractor. This is the vendor that has contracted with the Centers for Medicare and Medicaid Services to perform all hospital billing audits under the Medicare Audit Contractor (MAC) program.
NIH:	National Institutes of Health
OCR:	Office for Civil Rights. This is the federal office that oversees compliance with the Health Insurance Portability and Accountability Act (HIPAA).
OHRP:	Office for Human Research Protections. This is the primary federal office that oversees human subject's research compliance.
OIG:	Office of Inspector General of the U.S. Department of Health and Human Services.
ORIO:	The OHSU Research Integrity Office
PCI/DSS	Payment Card Industry/Data Security Standards
PHI:	Protected Health Information

Interprofessional Care Access Network

I-CAN

- ▶ 3-year, \$1.5 million award from the Health Resources and Services Administration (HRSA).
 - ▶ Improving access to health care services for the uninsured, isolated, or medically vulnerable.
 - ▶ Aligns with the OHSU Interprofessional Initiative, led by Jenny Mladenovic, supporter of the I-CAN project.
- 

Purpose

- ▶ Expand partnerships between OHSU, neighborhood clinics, and community service agencies.
 - ▶ Create a collaborative model for clinical practice and interprofessional education.
 - ▶ Reduce cost, improve outcomes.
- 

Academic Partners

- ▶ OHSU School of Nursing
- ▶ OHSU School of Medicine
- ▶ OHSU Global Health Center



Year 1 Community Partners



Three Goals

1. Develop collaborative interprofessional practice and education partnerships that serve the needs of neighborhood populations and provide local access to health care.

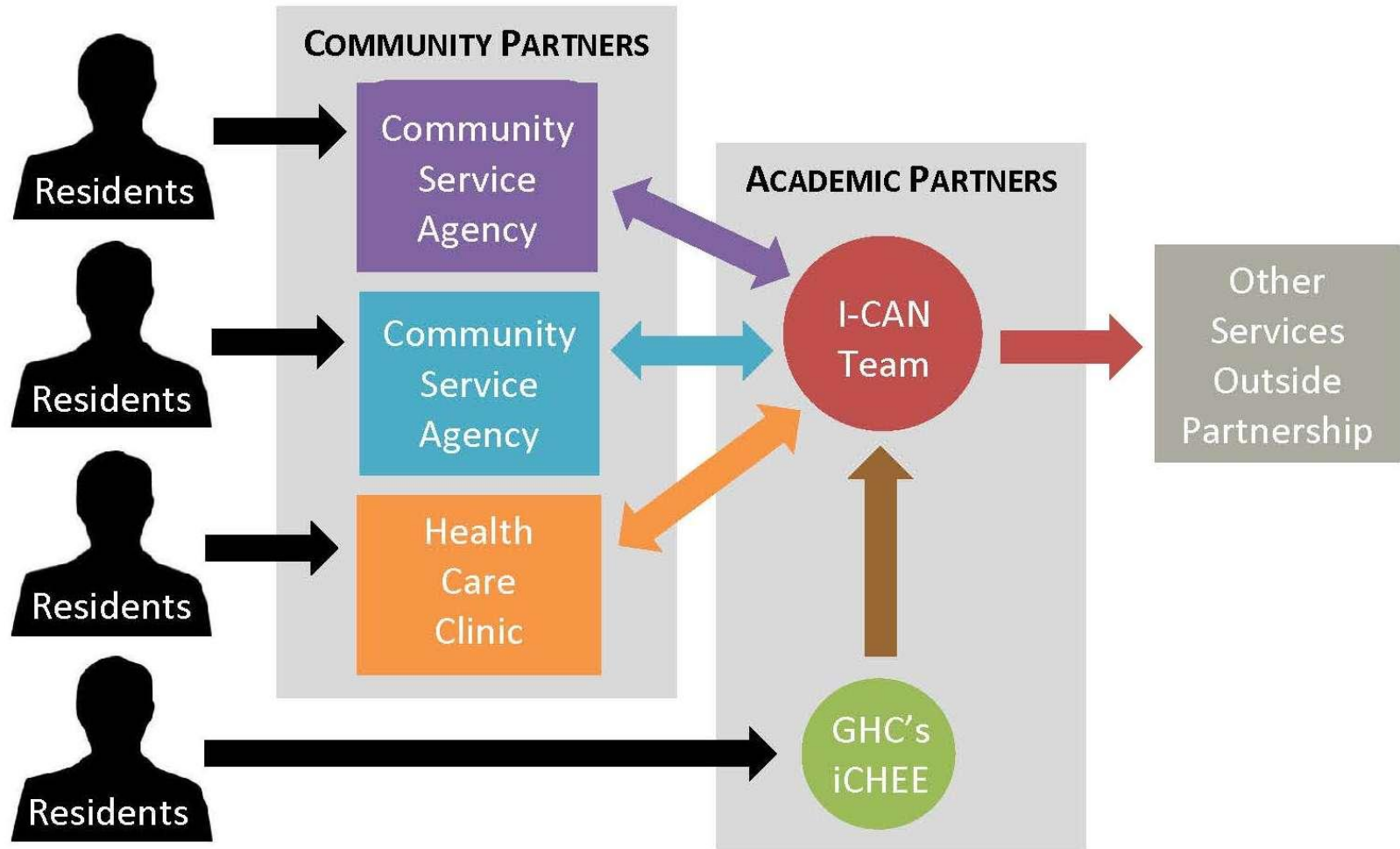
Three Goals

2. Improve health outcomes and satisfaction with the health care experience for disadvantaged and underserved patients, families, and communities.

Three Goals

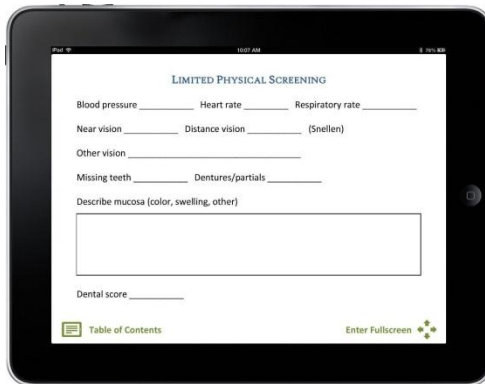
3. Build capacity among health care providers and students for leading interprofessional team in providing high quality, patient-centered, and culturally effective care.

Referral Process



Incorporation of Technology

► Using Apple iPads for...



Data Collection



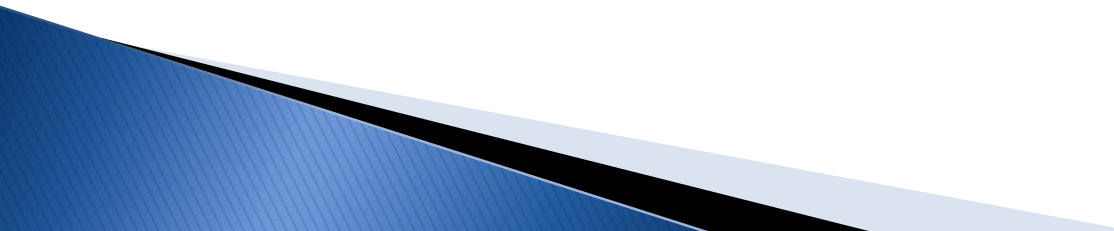
Remote Interpreters



Teaching Materials



Projected Expansion

- ▶ West Medford in Year 2.
 - Low-income individuals and families.
 - Veterans.
 - Seasonal and migrant farmworkers.
 - ▶ SE Portland in Year 3.
 - Immigrants and refugees.
 - ▶ OHSU pharmacy and dental students.
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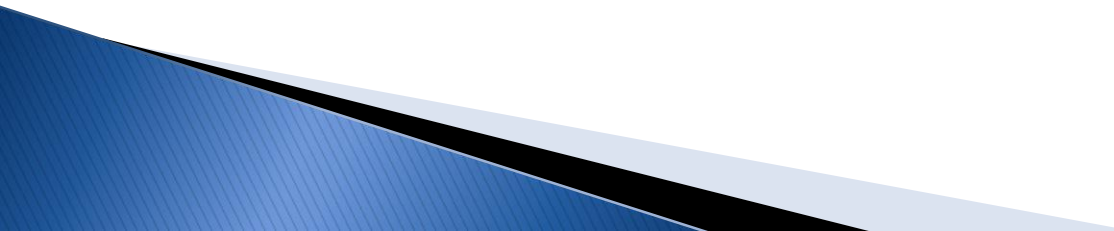
Launching Spring Term 2013



In the Press



Disclaimer

- ▶ This project is supported by funds from the Bureau of Health Professions (BHPr), Health Resources and Services Administration (HRSA), Department of Health and Human Services (DHHS) under grant number UD7HP25057 and title “Interprofessional Care Access Network” for \$1,485,394. This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by the BHPr, HRSA, DHHS or the U.S. Government.
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Addressing the Future Health Workforce Needs of Oregon

Jeanette Mladenovic, MD, MBA, MACP
Provost and Senior Vice President for Academic Affairs

June 2012, OHSU's Educational Mission

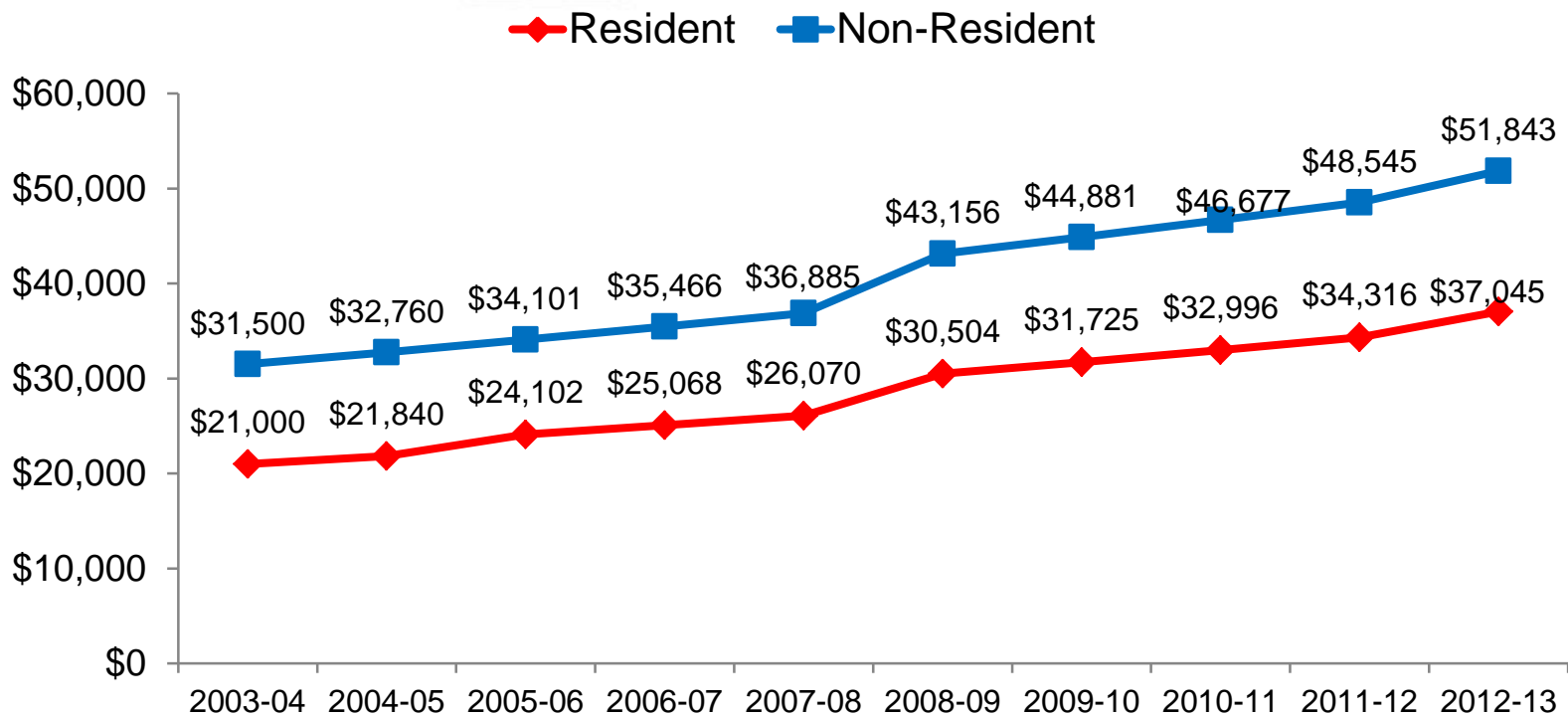
- ◆ Oregon's major educator of state's healthcare workforce is responding to external forces
- ◆ Cost (tuition) and diversity are serious concerns in aligning societal needs with a future workforce
- ◆ As a producer of scientists and healthcare professionals, OHSU relies on a robust K-20 pipeline and enthusiastically supports the state's education initiative

Following Up on 2012 Findings

- ◆ Debt Burden
- ◆ Workforce: Faculty diversity
 - ◆ GO-HERC
 - ◆ Incentive Program
- ◆ Workforce: President's Fund for Diversity
- ◆ Workforce:
 - ◆ New pipeline programs and STEM
 - ◆ POPS: Scholars for a Healthy Oregon Initiative

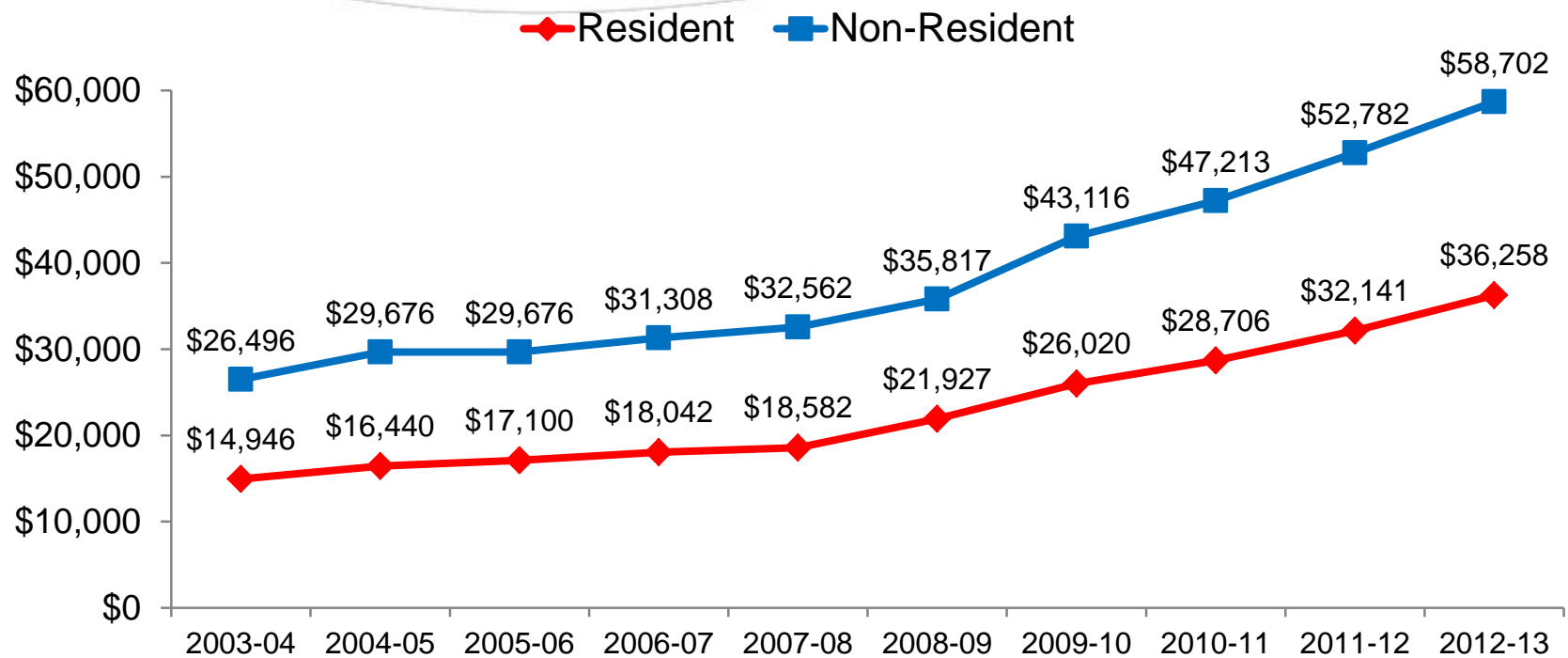
Tuition for First-year MD Students

Residents and Nonresidents



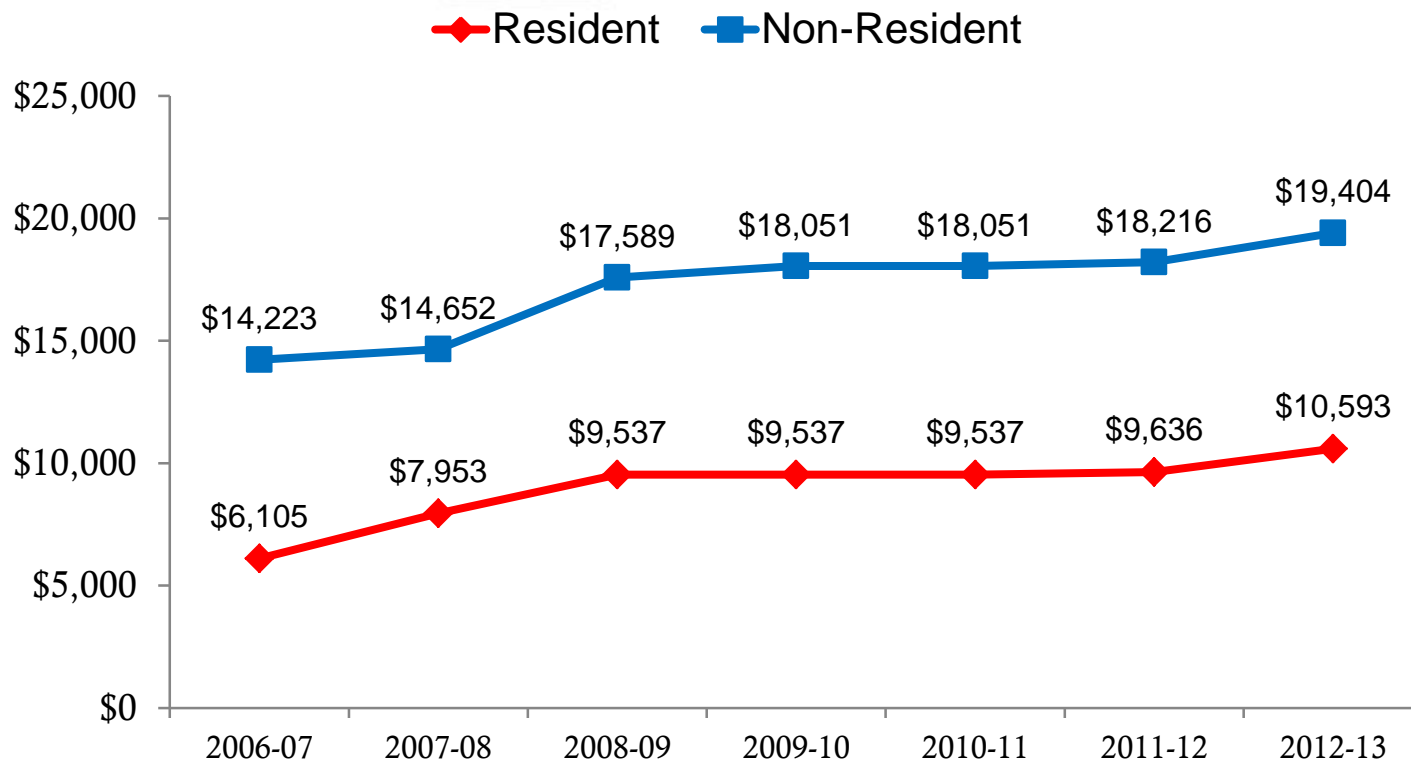
Tuition for First-year DMD Students

Residents and Nonresidents



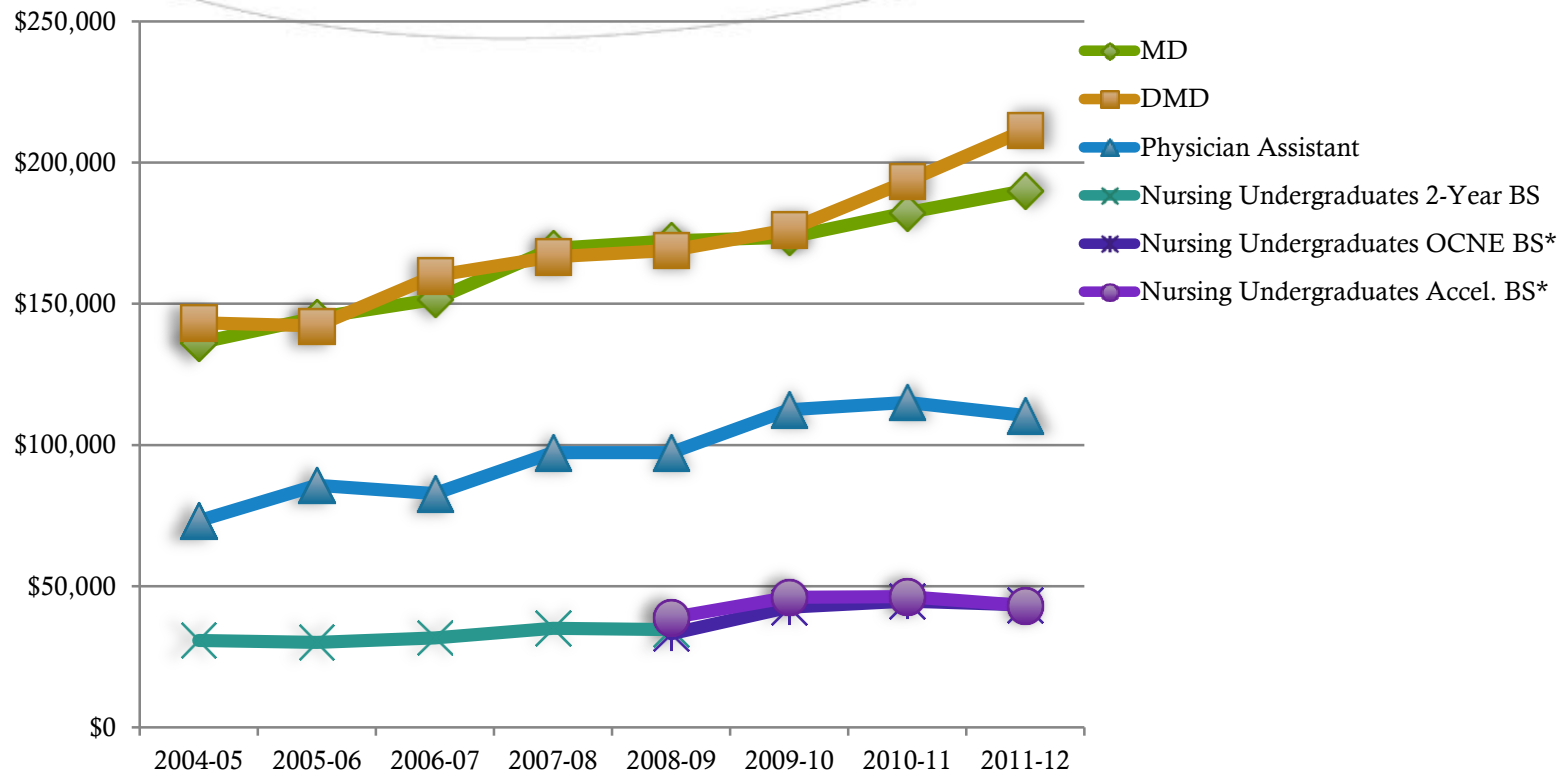
Tuition for First-year BS Nursing Students*

Residents and Nonresidents



*1st year tuition for the OCNE program. 2006-07 was the first year of the transition from a 2-year program to the 3-year OCNE program.

Average Indebtedness for MD, DMD, PA & Nursing Graduate and Undergraduate



◆ **Note:** Combination of both resident and non-resident average indebtedness. Averages exclude students with no debt. Prior to 2009-10 the average indebtedness for Nursing Undergraduates included Parent Plus loans. *2008-09 was the 1st year for graduates of the OCNE and Accelerated Baccalaureate Programs.

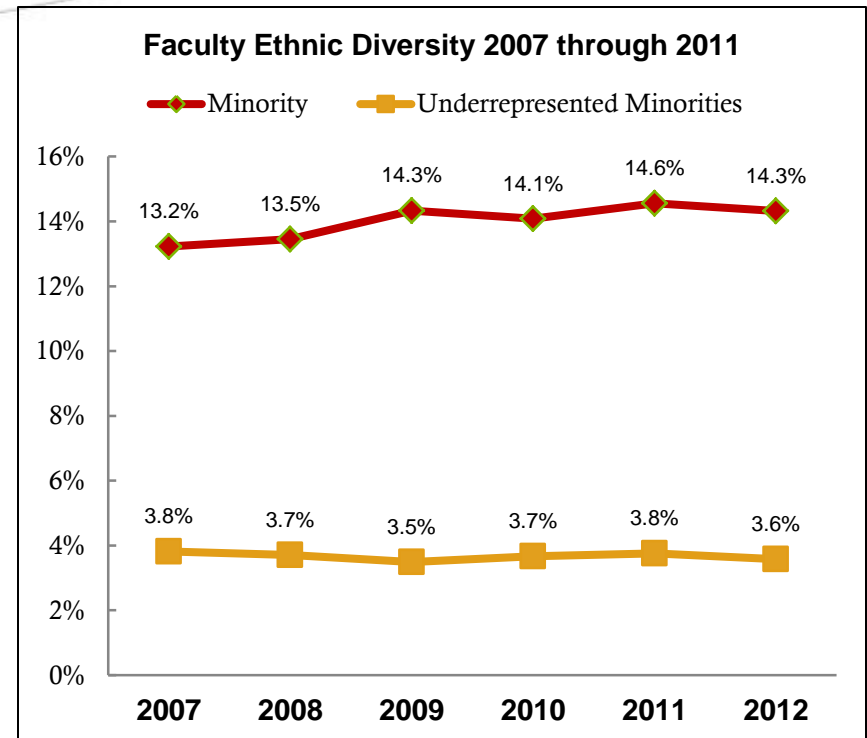
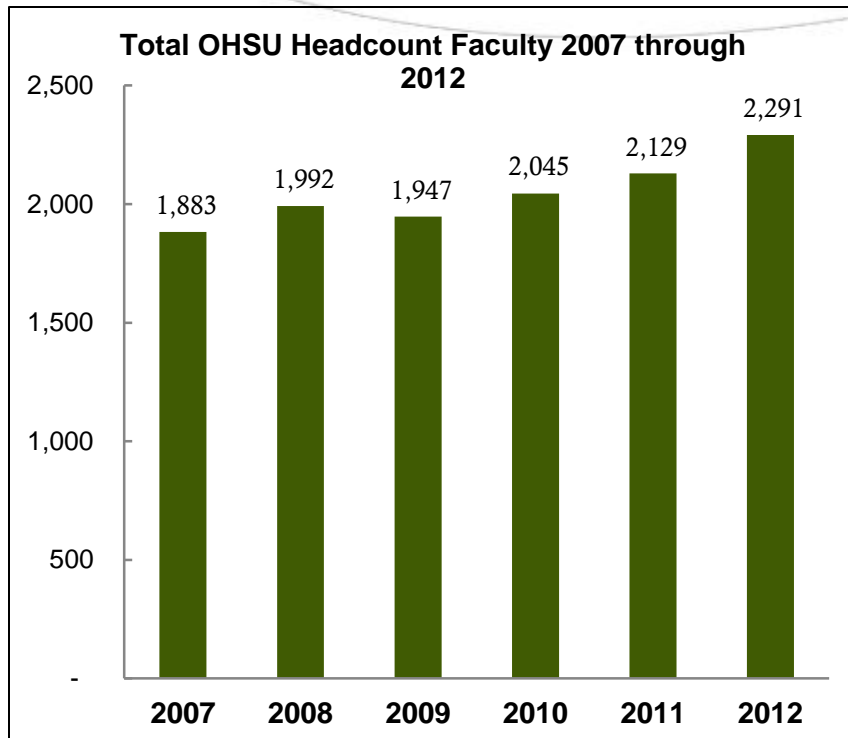
Dealing with Debt

- ◆ New policy for OHSU Students
- ◆ Trained financial counselor
 - ◆ Students to date:
 - ◆ 65 SOM
 - ◆ 6 SON
 - ◆ 3 SOD
- ◆ Change in award of grant-in-aid vs. loans
- ◆ Proposed tuition cap legislation defeated

Tackling Diversity in OHSU Programs

- ◆ Faculty
- ◆ Students
 - ◆ OHSU definitions
 - ◆ Standard admission tracking
 - ◆ President's Fund
- ◆ Pipeline Programs
 - ◆ High school
 - ◆ POPS: Oregon Healthy Scholars Bill

Faculty at OHSU Diversity (URM)

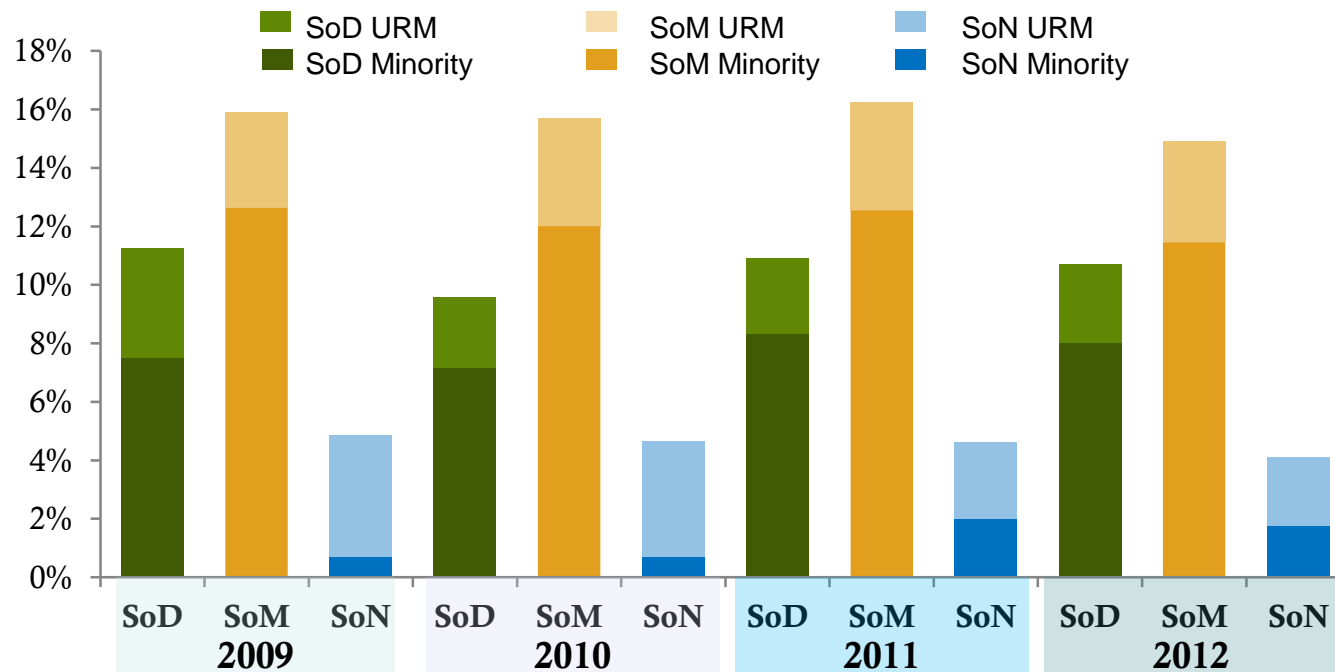


Note: Minority is Asian and Two or More Races; URM is American Indian/Alaska Native, African American/Black, Hispanic/Latino, Native Hawaiian/Pacific Islander

Faculty at OHSU

Diversity by School

**Percentage of Minority and Underrepresented Minority,
2009 - 2012**



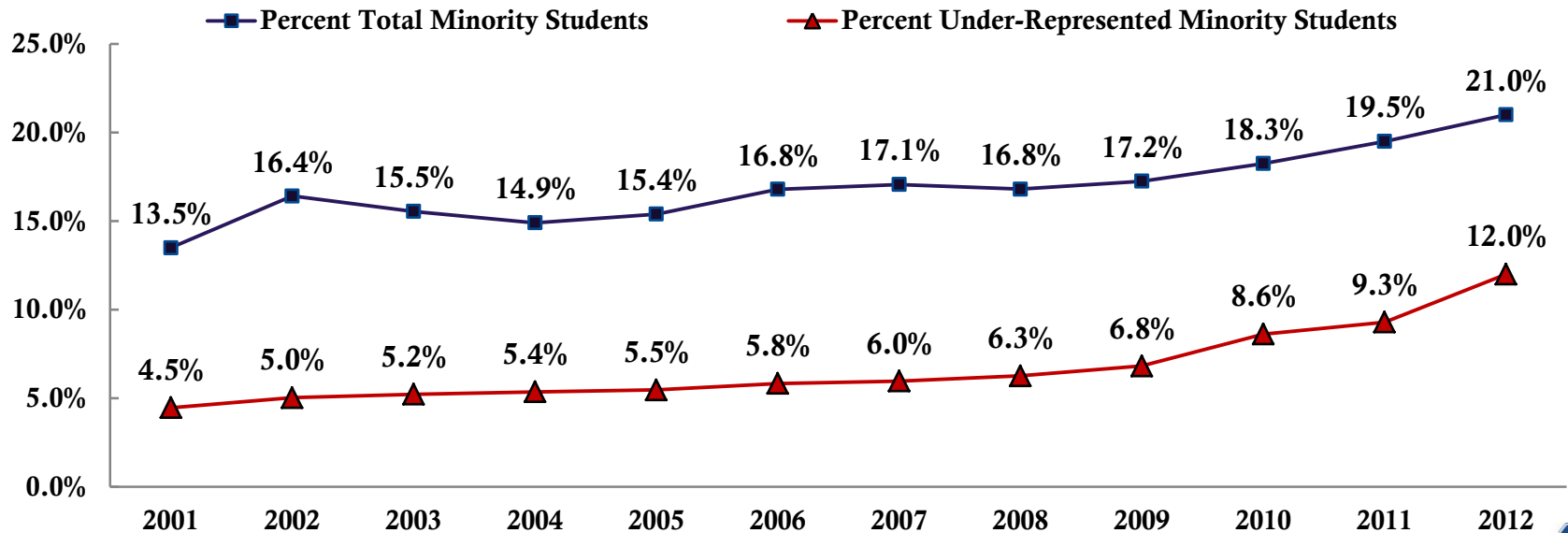
Note: Minority is Asian and Two or More Races; URM is American Indian/Alaska Native, African American/Black, Hispanic/Latino, Native Hawaiian/Pacific Islander

Diverse Faculty as Role Models

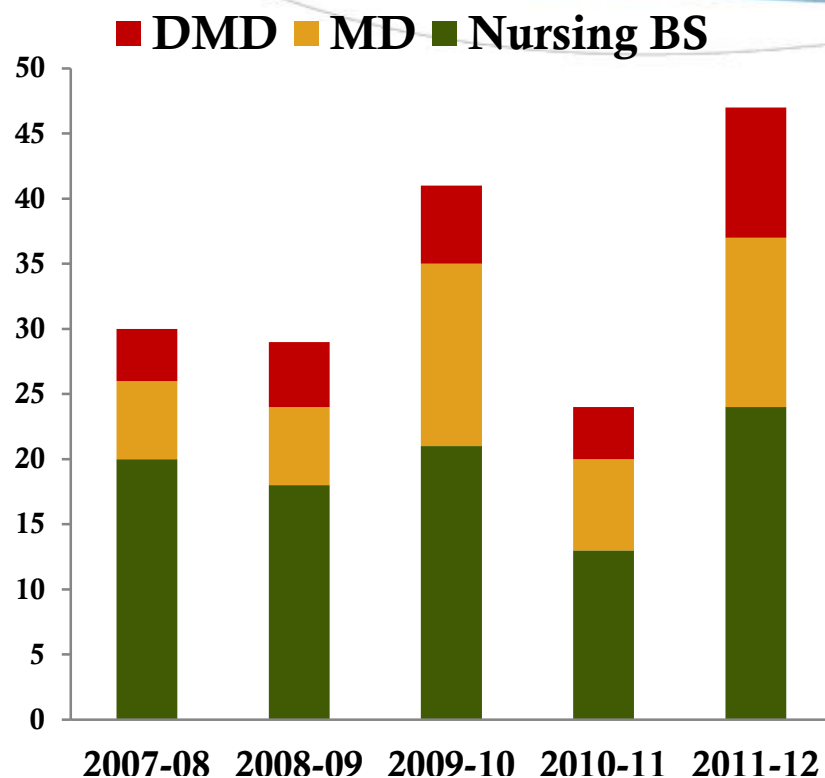
- ◆ Greater Oregon Higher Education Recruitment Consortium (GO-HERC)
 - ◆ Foster collaboration among Oregon and SW Washington campuses that are committed to enhancing diversity
- ◆ Recruitment Incentives
 - ◆ Eight faculty representing Hispanic, Black (Zaire, Ethiopia, African American) Native American
 - ◆ Success illustrative of impact of a small amount of targeted funding

The Challenge of Diversity

**Minority and Underrepresented Minority Enrollment
as Percent of Total OHSU Enrollment**
U.S. Citizen and Permanent Resident Only



Underrepresented Minority Graduates 2007-08 through 2011-12



Note: Underrepresented minorities (URMs) include African American/Black; American Indian/Alaska Native; Asian sub-categories (Korean, Vietnamese); Hawaiian/Pacific Islander; Hispanic/Latino, any race; and two or more races with at least one race classified as URM; unknown and non-resident alien students are not included.

Total Degrees Awarded

	'07-08	'08-09	'09-10	'10-11	'11-12
DMD	60	78	71	78	68
MD	103	121	127	102	123
BSN	204	211	291	308	296

President's Fund: 1.2 Million for 2013

Students	Full Tuitions	Awarded to
Dentistry (DMD)	1	3 awarded
Medicine (MD)	5	3/5 awarded
Nursing (RN)	2	2 undergraduates
Physician Assistant (PA)	1	4 awarded

Pilot Pipeline Program: High School

- ◆ Launched 2012-2013 at Jefferson and Woodburn HS
- ◆ Through multiple visits over the academic year, focus is to:
 - ◆ Build student interest in STEM
 - ◆ Expose students to how basic science research translates to patient care
- ◆ Connections with inter-professional teams of OHSU students
- ◆ Collaboration with other higher education institutions

Woodburn 12th graders practice gel electrophoresis



Jefferson 12th graders visit the corrals at ONPRC



OHSU Pipeline: SB 2 - Scholars for Healthy Oregon Initiative

- ◆ Purpose: create opportunity for students and address workforce needs in Oregon
- ◆ Rationale: unmet workforce needs in rural and underserved areas, anticipated increased demand
- ◆ Rationale: rural workforce from rural background, debt aversion of students
- ◆ Students admitted to OHSU DMD, MD, Nursing, PA programs
- ◆ Full tuition and fees for entire program in exchange for service payback
- ◆ 4.9 million/biennium to up to 40 students

Healthy Scholars: \$4.9 million/ 40 Slots/ 2 Years

◆ Eligibility:

- ◆ Oregon resident
- ◆ Rural and First Generation
- ◆ Under-represented in healthcare
- ◆ SOU, OIT, Western, EOU partners

◆ Payback:

- ◆ Service n+1 years
- ◆ HRSA area, underserved communities or populations

◆ Penalty: 125% payback

OHSU – Creating the Workforce of the Future

- ◆ Slow positive progress with good incentives
- ◆ New programs effective over time
- ◆ Scholars for Healthy Oregon Initiative would help us address our ongoing workforce needs.