



OREGON  
HEALTH & SCIENCE  
UNIVERSITY

# **OHSU Board of Directors Meeting**

**Part 1 of 2**

**April 24, 2014  
School of Nursing, 358/364  
1:30 pm – 3:30 pm**

# OREGON HEALTH & SCIENCE UNIVERSITY BOARD OF DIRECTORS MEETING

April 24, 2014  
1:30 – 3:30 p.m.  
School of Nursing, Rooms 358 & 364

1:30 p.m.	Call to Order/ Chairman's Comments President's Comments Approval of Minutes ( <b>Action</b> )	Jay Waldron Joe Robertson, M.D. Jay Waldron
1:45 p.m.	Financial Update	Lawrence Furnstahl
2:00 p.m.	IPOC/Integrity Report	Jen Ruocco
2:15 p.m.	Collaborative Life Sciences Building Update	Mark Williams
2:30 p.m.	School of Dentistry Report	Phillip Marucha, D.M.D., Ph.D.
2:45 p.m.	Committee appointments ( <b>Action</b> )	Connie Seeley
2:55 p.m.	Other Business, Adjournment	Jay Waldron



## Next meeting

Thursday, June 26, 2014  
School of Nursing, rooms 358/364  
1:30-3:30 p.m.

**Oregon Health & Science University  
Board of Directors Meeting  
January 30, 2014**

Board Members in Attendance: Jay Waldron, Maria Pope, Ken Allen, Prashant Dubey, Poorav Patel, Joe Robertson, MardiLyn Saathoff, Amy Tykeson, David Yaden

Staff Presenters: Lawrence Furnstahl, George Keepers, Jenny Mladenovic, Brian Newman, Brian Shipley

**Chair's Comments**

Mr. Waldron called the meeting to order, highlighting the change in Board leadership with Mr. Waldron as the new chair and Ms. Pope as the vice chair. This is an exciting time for OHSU as the institution embarks on the Knight Cancer Challenge fundraising campaign while navigating the changes in the healthcare delivery system. Mr. Waldron, Mr. Yaden, and Ms. Seeley represented OHSU at a meeting for Oregon higher education leaders and stakeholders where they discussed the continual message that more needs to be done with less funding. It was an opportunity to gauge other leaders' perspectives of OHSU and how the institution relates to the other Oregon universities.

**President's Comments**

Dr. Robertson welcomed the new officers and thanked the entire Board for their service and dedication. As a guest of Congresswoman Bonamici, Dr. Robertson had the opportunity to attend the State of the Union in Washington D.C. It was a celebration of our country and an inspirational experience. While in D.C., Dr. Robertson lobbied for NIH funding. OHSU serves as a resource to the congressional delegation in D.C. and the lawmakers in Salem.

Dr. Druker and Dr. Robertson have been meeting with legislators, reporters, and editorial writers to campaign for the Knight Cancer Challenge. Dr. Robertson reported positive meetings, media coverage, and scope of giving; fundraising statistics will be released after the first quarter of the year. The Foundation has also seen a significant increase in donations to programs other than cancer for the first six months of the fiscal year. Mr. Knight's philanthropy has increased the profile of OHSU, benefiting all programs.

OHSU's bond ratings have gone from a BBB+ to an A+. With a favorable outlook, OHSU has aspirations of moving to an AA rating. Mr. Furnstahl has been masterful in speaking to the companies that determine the bond ratings.

The CLSB is on schedule to open this summer. This landmark event will allow OHSU to advance the cause of interprofessional education, culminating in the first unified graduation in 2015.

In the healthcare reform arena, the exchange has been functioning while the website has not. Dr. Robertson emphasized that the exchange itself is working well and that the concept remains fundamentally sound. Data from the last six months shows that with CCO's, emergency department visits, and hospital readmissions are down while spending on primary care is up.

Dr. Tom Beer is garnering national and international coverage for his continuing work on prostate cancer. His clinical trial was stopped early because the cancer drug was so effective. Results are being released this week with coverage in the NY Times and the Wall Street Journal.

The Liaison Committee on Medical Education (LCME), the accrediting body for medical schools, had a good visit at OHSU. This is further validation of the excellent undergraduate medical education program. The LCME reported that the staff and faculty were very cooperative and collaborative, inherent to the culture at OHSU.

OHSU recently earned status as a Gold Standard Employer from the CEO Roundtable on Cancer. The Gold Standard is a workplace-based program that focuses on lowering the risk of cancer, detecting it early when outcomes are more likely to be favorable, and ensuring access to quality care.

Mr. Yaden noted that Dr. Robertson was named the Healthcare Executive of the Year and that he was privileged to attend the ceremony.

### **Approval of Minutes**

Mr. Waldron asked for approval of the minutes of the October 24, 2013 Board meeting, included in the Board Docket. Upon motion duly made and seconded, the minutes were unanimously approved.

### **Financial Update**

Mr. Furnstahl reported that operating income for the first six months of FY '14 is just under \$48 million, which is \$12 million above budget and about a third greater than last year. Very strong net patient revenues are continuing a multi-year trend at OHSU. The timing of the transfer of gifts to the Foundation to OHSU is behind, but typically catches up by the end of the fiscal year. Expenses, particularly in services and supplies, have been kept below budget. Nearly all of OHSU's debt has been refinanced, resulting in a 27% reduction of interest payments; this money can be put directly back into the programs of the university.

Total net worth grew to \$2.29 billion, which is up about 5.5% or \$120 million. This is a combination of operating income, the stock market going up, and major gifts in the Foundation. Cash is down, but this is not unusual as it is a result of timing issues. Contributing to the decrease in cash is the timing of the invoice payments for the CLSB. Also, \$15 million in federal student loans were issued just before quarter-end, with reimbursement from the federal



government right after year-end. Cash is up significantly at the Foundation and Mr. Furnstahl is confident that the numbers related to timing issues will be resolved by the end of the fiscal year.

There is a continuing shift in patient activity at OHSU and around the country from inpatient admissions to short-stay, single-day for observation admissions. This trend increased 8% at OHSU since last year. Outpatient activity is now at 45%, an increase of 4% over last year. Patients with commercial insurance have declined over recent years, but are holding flat this year. This is a good indicator of the quality of OHSU's programs and also the general economy as commercial insurance is largely tied to employment status.

Since May 2009, OHSU has created 1800 jobs with preference given to internal candidates. Mr. Furnstahl participated in the second annual internal OHSU job fair, which was co-sponsored by OHSU and AFSCME.

OHSU is unique in that it offers two pension plans. Half of the employees participate in the state PERS pension plan, a defined benefit plan, while the rest of the employees participate in the University Pension Plan (UPP), which is a defined contribution plan. Essentially all new employees are joining the UPP plan. The PERS plan continues to be underfunded. GASB accounting standards are changing such that beginning with the next fiscal year, OHSU will be required to book its share of the unfunded PERS liability on the balance sheet. Mr. Furnstahl noted that this change will not require action or decision-making—it is being presented to the Board for forward visibility. In 2007, OHSU participated in PERS as an independent employer, which meant that OHSU maintained its own asset and liability account within PERS. At that time, PERS was overfunded. Currently, OHSU is part of a pooled status and PERS has unfunded liabilities created during the financial crisis. OHSU's net share of the unfunded liability is \$400 million, which is a couple percent of the total liability. The legislature has passed changes to reduce future PERS benefits, thus reducing OHSU's unfunded liability to \$186 million. Of this, \$7.5 million has been paid, leaving a current net liability of about \$179 million. The calculation from PERS is based on December 31, 2012 investment results and will be recalculated each year. If the stock market improves, then the liability will be reduced. Mr. Furnstahl stated that in the context of OHSU's net worth of \$2.3 billion, the liability is not concerning.

Responding to a question from Mr. Yaden, Mr. Furnstahl explained that this is only an accounting change and will not affect OHSU's cash flow. It will only change what is recorded on the balance sheet. The actual number to be booked will be calculated in a year, using December 31, 2013 investment results. Responding to Ms. Tykeson, Mr. Furnstahl said that the state of Oregon will not be affected by this change as their consolidated audited financial statements already include the unfunded liability.

#### **OHSU Department of Psychiatry Update**

Dr. Keepers stated that the Department of Psychiatry at OHSU has approximately 300 employees. There are about 120 faculty members comprised of psychiatrists, psychologists,

nurse practitioners, neuroscientists, licensed professional counselors, and social workers. The department also provides comprehensive care to veterans at the VA and has faculty in the mental health centers that are part of the state hospital system. The department has psychiatry residency training programs, psychology internship and fellowship programs, research programs, and post-doctoral fellow training.

The department operates a 20-bed inpatient unit at OHSU and staffs a similar unit at the VA. There is an ambulatory clinic, psychiatry clinic, and consultation service. The internationally known public and community psychiatry has been part of the department for more than 40 years. The Intercultural Psychiatry Program and Torture Treatment Center treats immigrants from 17 different ethnic groups who have suffered severe trauma. At the Avel Gordly Center for Healing, patients are treated by the largest collective number of African-American clinicians in the state of Oregon.

Dr. Norwood Knight-Richardson initiated the first telemedicine program at OHSU in the Psychiatry Department. The psychiatry and behavioral neuroscience research programs are in the top tier of neuroscience research with a nationally famous ADHD program, an internationally known autism researcher, adolescent neurodevelopment research, and strong addictions research. Other research areas include methamphetamine, alcohol, sleep and circadian rhythm disturbances, post-traumatic stress disorder, health services delivery, and suicide prevention. The state legislature funded two programs run by the Psychiatry Department. The Oregon Psychiatric Access Line for Kids (OPAL-K) program provides psychiatric consultations to pediatric providers throughout Oregon and the Collaborative Problem Solving Program educates teachers and adult caregivers to deal with children's disruptive behavior in a non-coercive fashion.

Dr. Robertson commented that the department's programs are focused heavily on serving the underserved populations, including individuals that also have major medical problems. Dr. Keepers added that OHSU's Psychiatry Department is unique in that it is able to successfully treat medical and psychiatric illnesses simultaneously. The department contracts with the state Mental Health Division to recruit faculty to the new state hospital. To date, 18 psychiatrists have been recruited to practice there, dramatically improving the quality of care given. Responding to a question from Mr. Yaden, Dr. Keepers said that the 20 psychiatric beds are always full. Most psychiatric beds in Portland are continually full, with a distressing shortage of pediatric psychiatric beds. Additional personnel have been hired in Doernbecher to work with families to prevent hospitalization and shorten emergency room stays. Responding to Mr. Patel, Dr. Keepers added that the child psychiatric services and beds in Portland are insufficient both at OHSU and around the city. There are few voluntary admissions to any psychiatric unit. Oregon does not have enough beds, so OHSU has a contract with the state to keep some of the committed patients. Responding to Mr. Waldron, Dr. Keepers explained that the city has programs to address mental care for homeless people, but they are insufficient.

## Vision 2020 Update

Dr. Mladenovic commended Dr. Jennifer Boyd for writing the Vision 2020 description included in the Board docket. Vision 2020 is a five-year dynamic strategic plan that is meant to guide all other OHSU area specific plans. It was adopted in 2007, revised in 2009, and again revised in 2013. The most recent revision engaged leadership throughout the institution. The goals were not revised as they were created to guide OHSU through 2020.

Since Vision 2020 was created, OHSU as an institution has undergone many changes. It is a more diverse environment with the creation of the Diversity Council, diversity plans, a diversity office, and an enterprise-wide commitment to diversity. Philanthropy has increased, most notably leading to the creation of the Knight Cardiovascular Institute and the Knight Cancer Institute. Research rankings have gone from 37<sup>th</sup> to 23<sup>rd</sup> out of 250 research institutions. Renowned faculty have been recruited and retained. The number of patients seen has increased from 188,000 to 250,000 a year. Not including the CLSB, research space has increased by a million square feet. OHSU is now a non-smoking campus and has the largest bike valet in the country.

The six goals outlined in Vision 2020 were readopted in 2013. The strategies needed to have measurable outcomes, build on the strengths of the institution, and be sustainable. The result was a two page strategic plan that includes strategies that every unit throughout the institution can accomplish using their own tactics. The President's Council, comprised of leaders throughout OHSU, spent over a year working on the strategic plan with input from faculty. It is a living document that can respond to external flexible forces.

Responding to Ms. Tykeson, Dr. Mladenovic explained that 18 units and their sub-units will have strategic plans and address three goals. Every two years, the units will report their results to the President's Council. The President's Council began as Dr. Robertson's council to address leadership at the level below the Executive Leadership Team. It includes leaders from all schools and the clinical enterprise who will now become owners of the strategic plan. Dr. Robertson added that the name is a misnomer as it is designated by the president but led by the provost. Prior to Vision 2020, there was a mix of strategies and tactics that was not viable for all units. The President's Council will ensure alignment among the groups and track accomplishments. Dr. Robertson explained that Vision 2020 was intentionally created as a loose-leaf, paper bound document so that it would be living and could evolve over time. Responding to a question from Ms. Tykeson, Dr. Mladenovic confirmed that the President's Council will be responsible for reviewing the metrics for each unit. Responding to Mr. Yaden, she explained that there is broad ownership of the strategic plan. Results will be posted on the provost's website, making the process transparent and holding units accountable for their results.

Mr. Waldron asked for approval of Resolution 2014-01-01, updating and adopting the Vision 2020 strategic plan, attached as Exhibit A in the Board docket. Upon motion duly made and seconded, the resolution was unanimously approved.



## **Knight Cancer Institute Facilities Update**

Brian Newman, Director of Campus Planning Development and Real Estate, explained that the buildings depicted in the Board report were just renderings; the project is still in the planning stages and an architect has not even been hired. OHSU has 30 noncontiguous acres of land on the South Waterfront. The area around the tram has been reserved for clinical expansion and the Schnitzer Campus has been targeted for academic programs and wet lab research. From a capital and operations perspective, it is preferable to add the wet lab research to the Schnitzer Campus because there have already been significant research investments at the CLSB. Research at the Center for Health and Healing (CHH) will be for more patient-based clinical trials and making use of the existing support, amenities, and way-finding for patients.

Blocks 28 and 29, south and southeast of the CHH, have been identified as the site for clinical expansion. The proposed building has tentatively been called CHH2. Additional parking will be added along with either a guest house or structure support for a future tower. Mr. Newman worked with Cindy Grueber and Tom Heckler to evaluate and determine the best program options. CHH2 will have six floors dedicated to an ambulatory hospital, including a 48-bed short-stay unit. This is where patient volumes and the healthcare industry are headed. It is anticipated that the Knight Cancer and Knight Cardiovascular clinics and clinical trials will be located above the ambulatory hospital.

The Schnitzer Campus will house a building referred to as Schnitzer Campus Building 3; the CLSB and Skourtes Tower were phases one and two in the master plan. Schnitzer Campus Building 3 will occupy half of the southern block adjacent to the CLSB. A tunnel has been built under Mead Street that could be used by researchers to move between the two buildings. Mr. Newman and Steve Stadum have identified four floors of built out research and shelled wet lab research, one floor of advanced bio-computing, one shelled bio-computing floor, space for research support, retail space, and parking.

The healthcare program would gain 600,000 square feet, with OHSU funding the \$300 million cost. The \$200 million needed for the 400,000 square foot research program is the basis for the discussions with the legislature for state bonds. These numbers are for each program, not broken down by building. The estimates are in 2016 dollars, inclusive of a 10% escalation contingency. The goal is to break ground on the buildings in two years. At that time, it will be known if the Knight Challenge is successful. Construction will take approximately 27-28 months, with both buildings online by July 1, 2018. Responding to a question from Ms. Tykeson, Mr. Newman explained that the Zydell land adjacent to the Schnitzer Campus is owned by the Zydell family. OHSU collaborates with them on planning and infrastructure, but otherwise focuses solely on OHSU owned land. Getting from the CLSB to the tram can be achieved by a five minute walk, the streetcar, or the OHSU parking shuttle.

Responding to Mr. Yaden, Mr. Newman said that the notion of building an ambulatory hospital is cutting edge. Other freestanding ambulatory surgical centers are not at the same level of

intensity and complexity. The new building, combined with the clinical trials at the Knight Cancer Institute, will garner national attention. Dr. Robertson added that this will parallel the decision to build the CHH with zero capacity for paper chart storage. It is an unequivocal commitment to the future of healthcare. The expectation of healthcare and reimbursement is tending toward short hospitalization.

Responding to Ms. Tykeson, the ambulatory hospital performs procedures with the level of recovery typically associated with an inpatient setting, but in an outpatient setting; however, it still uses typical inpatient hospital support such as pathology, blood bank, code teams, and nutrition. This will move the current ambulatory services from old buildings like the Multnomah Pavilion to a state-of-the-art facility. Dr. Robertson added that after surgeries, patients used to stay at the hospital for long periods of time. Now, they will often stay in the ICU for a few hours after surgery and then go home. The ambulatory hospital allows the patient to stay for a longer recovery period if necessary. He explained that in the future, hospitals will be large intensive care units adjacent to chronic care. There are risk factors associated with hospital stays, so unless intense monitoring is needed, it is better for the patient to be treated on an outpatient basis or in a chronic care facility. Responding to Mr. Patel, Mr. Newman said that a backfill strategy will be created, but there are no plans for the Multnomah Pavilion at this time. Typically, the older buildings are used for administrative office space. Dr. Robertson noted that the dental school has \$25 million in deferred maintenance and will be torn down as it is not cost effective to maintain.

Responding to Mr. Waldron, Mr. Newman stated that all outlined plans are within code except for a proposed sky bridge between CHH and the parking garage, which will require a variance. He felt that the city would approve the variance to protect vulnerable patients. The Zydell family has remediated their property and leased 40% of the newly constructed apartment building. If the apartments reach 50% occupancy by the summer, they will break ground on another residential building at the end of the year.

### **Legislative Agenda Update**

Brian Shipley, Associate Vice President for Government Relations, joined OHSU only ten days prior to Mr. Knight's announcement of the Cancer Challenge. This changed OHSU's legislative priorities to focus on requesting \$200 million in capital construction bonding from the state to fund portions attributable to the expansion of the Knight Cancer Institute. Dr. Druker's vision applies \$1 billion toward operations and the \$200 million from the state would construct the necessary facilities, research lab space, and clinical trials space. The \$200 million commitment from the state would be counted toward OHSU's \$500 million in fundraising necessary for the Knight's philanthropic contribution; however, OHSU still remains committed to raising the full \$500 million.

Although OHSU is independent of the state, it is not without precedent to partner with the state on scientific or philanthropic opportunities. The state underfunds its public academic health center relative to other states, but has made strategic capital investments such as the

2001 Oregon Opportunity Initiative to expand the research and education missions. OHSU is requesting that the legislature approve article XI-G bonding for state capital construction in the same way that other community colleges and universities in the higher education system rely on article XI-G bonding for capital investments. This type of bond requires OHSU to match the state investment in capital. If the legislature authorizes the bonds before the legislative session ends on March 9, OHSU will be able to proceed with planning, design, permitting, and recruitment with certainty. The bonds would not be issued until 2016, after the Knight Cancer Challenge results are known.

Mr. Shipley, Dr. Robertson, and Dr. Druker have been in Salem to create momentum and establish allies in support of the Knight Cancer Challenge project. To date, the project has garnered many supporters including the state's major business organizations, organized labor, building trades, and politically active stakeholders in the healthcare arena. Materials were created to specifically address the impact of the Knight Cancer Institute to the state of Oregon. Eco Northwest completed an economic, jobs, and revenue impact analysis for the \$1.2 billion investment. The results have generated excitement with the creation of construction jobs, permanent full-time jobs, and tax revenues in addition to the incredible health advancement opportunity. Responding to a question from Ms. Saathoff, Mr. Shipley explained that the state debt capacity is typically defined over a two-year period. This year, the state chose to leave \$300 million of debt capacity unallocated, leaving it available for 2015-2017. The State Debt Policy Advisory Commission annually updates and projects the revenue forecasts and debt capacity. Over the next ten years, they are projecting an average of \$850 million of available new borrowing capacity per biennium. OHSU does not have any other capital requests of the state at this time. Responding to Mr. Waldron, Mr. Shipley said that the debt service on \$200 million for the state would be approximately \$24-26 million per biennium. The OHSU proposal will be vetted by the Joint Subcommittee on Capital Construction of the Ways and Means Committee.

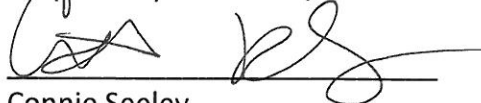
#### **Committee Appointments--Resolution 2014-01-02**

Mr. Waldron asked for approval of Resolution 2014-01-02, updating the roster for committee appointments as outlined in the Board docket. Upon motion duly made and seconded, the resolution was unanimously approved.

#### **Adjournment**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Connie Seeley', written over a horizontal line.

Connie Seeley  
Board Secretary



# **FY14 February YTD Financial Report**

**OHSU Board of Directors  
April 24, 2014**

# Overview – FY14 February Results

- OHSU operating income through February is \$58.5 million, \$22 million over target and 30% above last year, with strong patient revenues (especially from managed care) and good expense control. Application of gifts lags budget, which is not unusual until the last quarter of the year.
- Consolidated net worth is up \$135 million, from operating earnings, investment returns and major gifts, offset in part by writing off \$9 million of unamortized issuance costs from past bond issues, required by new GASB accounting rules.
- Typically, OHSU cash flow is negative in the first half, before rebounding through June. Through December, OHSU cash & investments were down \$(33) million, a decline that has now been cut to only \$(7) million, reflecting \$26 million of positive cash flow in the months of January and February.



# Feb YTD Operating Income \$22M > Budget

February YTD (8 months) (millions)	FY13 Actual	FY14 Budget	FY14 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	\$996.0	\$1,056.1	\$1,080.1	\$24.0	8%
Grants & contracts	235.5	236.1	238.4	2.3	1%
Gifts applied to operations	35.9	48.0	39.8	(8.2)	11%
Tuition & fees	38.6	40.6	41.7	1.2	8%
State appropriations	20.1	21.6	23.6	2.0	17%
Other revenue	60.8	63.5	63.3	(0.2)	4%
Operating revenues	1,386.9	1,466.0	1,487.0	20.9	7%
Salaries & benefits	815.3	877.4	882.1	4.7	8%
Services & supplies	396.9	415.6	408.9	(6.7)	3%
Medicaid provider tax	33.7	44.4	44.9	0.5	33%
Depreciation	74.5	75.2	76.3	1.1	2%
Interest	21.3	16.8	16.2	(0.6)	-24%
Operating expenses	1,341.7	1,429.5	1,428.5	(1.0)	6%
Operating income	\$45.2	\$36.6	\$58.5	\$21.9	29%

# Cash Recovering from First Half Timing

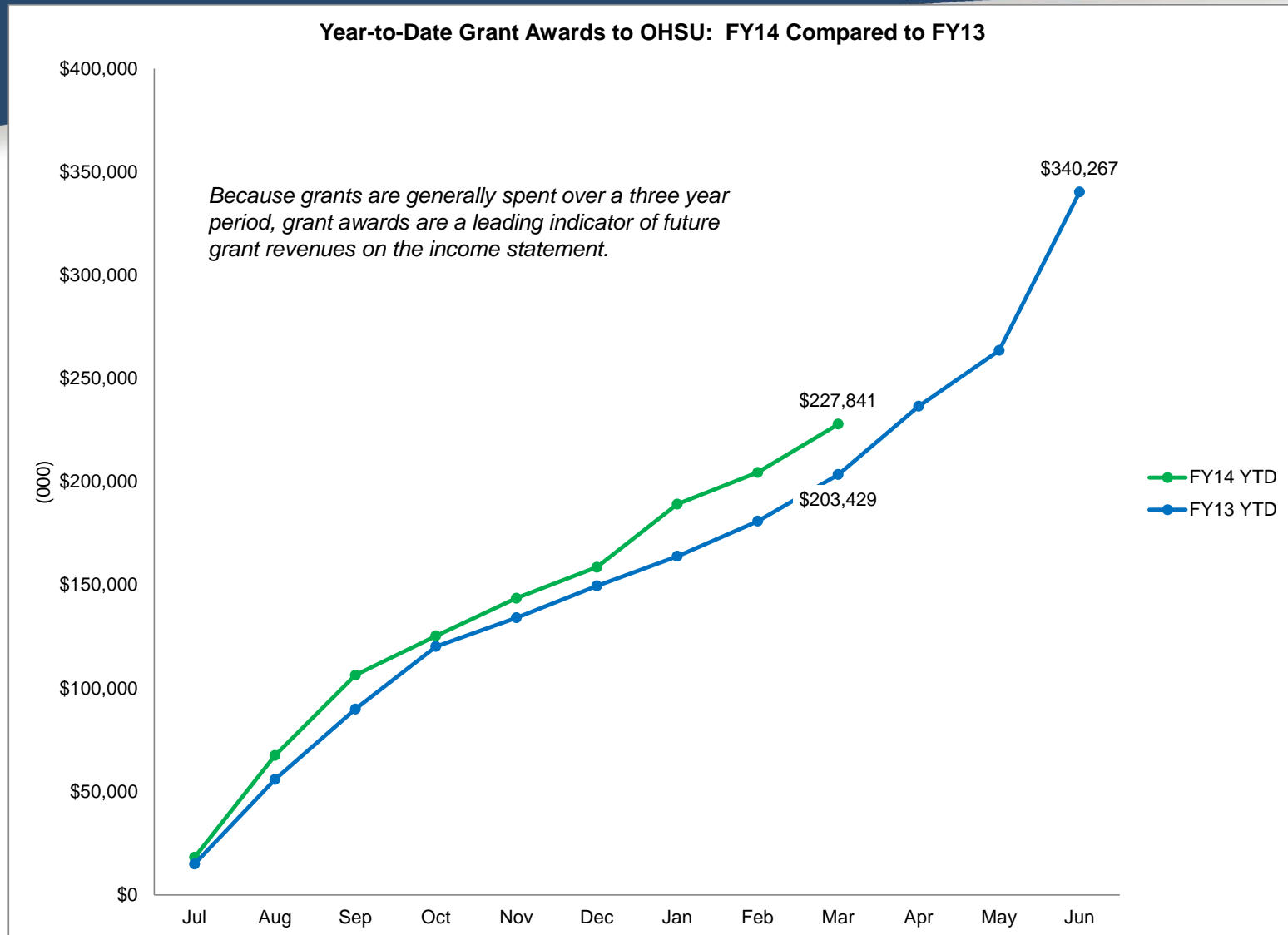
(millions)	6/30/13	2/28/14	Change
Operating cash & investments	\$587	\$567	\$(20)
Unrestricted capital funds	\$22	\$27	5
Quasi-endowment funds	83	91	8
OHSU cash & investments	692	685	(7)
Trustee-held bond funds	28	28	0
CLSB project funds	51	20	(31)
Total cash & investments	771	733	(38)
Net physical plant	1,413	1,472	59
Interest in Foundations	765	822	57
Long-term debt	(771)	(752)	18
Working capital & other, net	(8)	30	38
OHSU net worth	2,170	2,305	135
Operating income			59
OHSU investment return			19
Gain from Foundations			57
Other non-operating			0
Total change in net worth			\$135

(millions)	Feb YTD
Operating income	\$59
Depreciation	76
OHSU investment return	19
CLSB project funds applied	31
Sources of cash	185
Principal repaid	(18)
Capital spending	(135)
Accounts payable timing	(19)
Patient AR & other, net	(19)
Uses of cash	(192)
Sources less uses of cash	(7)
6/30/13 balance	692
2/28/14 balance	\$685

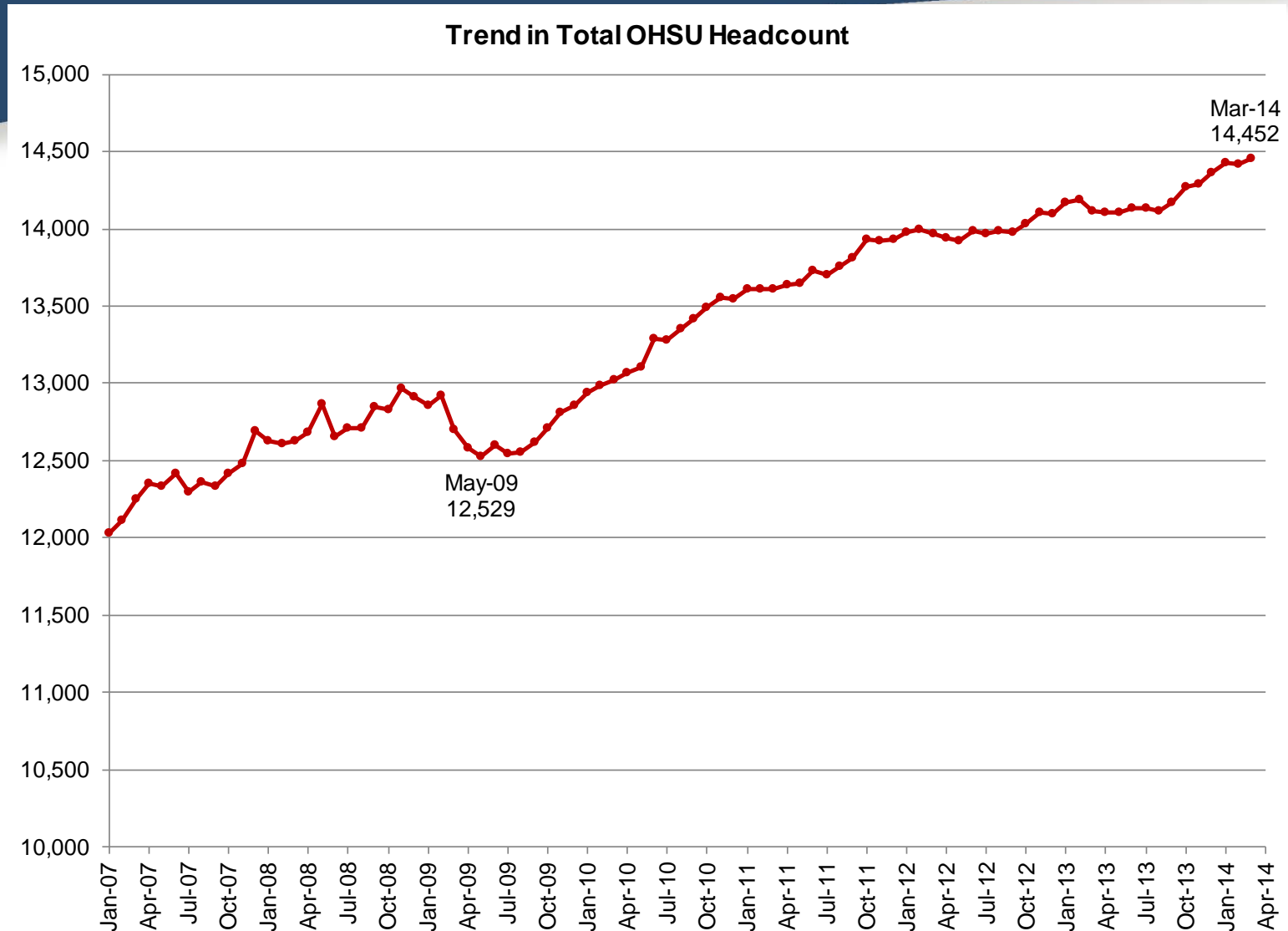
# Activity Shifts to Outpatient with Strong Mix

February YTD (8 months)	FY13 Actual	FY14 Budget	FY14 Actual	Actual / Budget	Actual / Last Year
Inpatient admissions	19,910	20,250	19,099	-6%	-4%
Average length of stay	5.6	5.5	5.8	5%	2%
Average daily census	447	453	444	-2%	-1%
→ Day/observation patients	20,944	21,300	22,380	5%	7%
Emergency visits	31,409	30,284	29,992	-1%	-5%
Ambulatory visits	504,464	531,141	511,610	-4%	1%
Surgical cases	20,083	20,530	20,286	-1%	1%
Casemix index	1.96	1.96	1.97	1%	1%
→ Outpatient share of activity	42.8%	43.9%	44.7%	2%	4%
CMI/OP adjusted admissions	68,282	70,790	68,016	-4%	0%
Payer mix (% of charges):					
→ Commercial	43.8%	42.6%	43.5%	0.9%	-0.3%
Medicare	31.6%	32.4%	31.2%	-1.2%	-0.4%
Medicaid	19.8%	20.1%	20.8%	0.7%	1.0%
Non-sponsored	4.8%	4.9%	4.5%	-0.4%	-0.3%
Total	100.0%	100.0%	100.0%	0.0%	0.0%

# Grant Awards Running 12% Above Last Year



# 1,900+ Jobs Created Since Financial Crisis





**OHSU INTEGRITY PROGRAM  
ANNUAL REPORT**

**CALENDAR YEAR 2013**

*Presented to the Board of Directors on April 24, 2014*

**CONTENTS**

<b>INTRODUCTION.....</b>	<b>2</b>
<b>CONFLICTS OF INTEREST.....</b>	<b>2</b>
<b>ENVIRONMENTAL HEALTH &amp; RADIATION SAFETY.....</b>	<b>3</b>
<b>HEALTHCARE INTEGRITY .....</b>	<b>4</b>
<b>INFORMATION PRIVACY &amp; SECURITY.....</b>	<b>4</b>
<b>RESEARCH INTEGRITY.....</b>	<b>5</b>
HUMAN RESEARCH PROTECTION PROGRAM .....	5
INSTITUTIONAL ANIMAL CARE & USE PROGRAM .....	6
<b>OTHER INTEGRITY UPDATES.....</b>	<b>6</b>
<b>GLOSSARY OF ACRONYMS.....</b>	<b>7</b>

## Introduction

In this Annual Report, 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.

There are several areas that may include integrity or compliance issues but that are not included within the direct oversight of the Integrity Programs. Such areas include hospital Joint Commission standards, quality issues, contracting, employment rules, and many 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.

## Conflicts of Interest

### CY13 Highlights:

- **NEW CoIR REGULATIONS:** Revised regulations for Conflict of Interest in Research (CoIR) which went into effect August of 2012 have had an impact on the OHSU CoIR program because of the lowered disclosure thresholds, increased requirements for monitoring, and other substantive changes to the regulations. In order to assure that CoIR disclosures can receive timely review and management while still maintaining compliance with the revised regulations and using current staffing levels, the CoIR program began a process improvement effort. Several areas for improvement have been identified and some already successfully implemented including streamlining of management plan processing, reducing duplication of monitoring steps, and additional changes to the electronic disclosure system that are now under development. In addition, a 0.25 FTE staff resource, internal to Integrity, was brought on to the CoIR team to assist with CoIR review processes.
- **SUNSHINE ACT:** In August of 2013, drug and medical device manufacturers began collecting data on all payments and other transfers of value to physicians and teaching hospitals as required under the Sunshine Act (passed in 2010 as part of the Affordable Care Act). The Integrity office has initiated education for physicians and departments on these requirements, including the development of resources for physicians, incorporating OHSU disclosure and gift policies. Sunshine act data is to be made available to the public by September 30, 2014.

### CY14 Goals:

- **CoI PROCESS IMPROVEMENT:** Continue CoIR process improvement efforts described above.
- **CONVENE CoI TASK FORCE:** Convene a university-wide task force to discuss national recommendations around clinical CoI policy issues. This task force was endorsed by the Deans' Council and will address various topics from recent national reports covering CoI issues such as disclosure of financial interests to patients, industry funding of Continuing Medical Education (CME), and other current hot topics. This task force will aim to provide recommendations on any areas for needed policy changes in concurrence with other actions to prepare for release of the Sunshine Act database in the fall of 2014.

### Additional comments:

- As discussed above, with the anticipation of the Sunshine act database to be released in the fall of 2014, conflicts of interest in the clinical arena continues to be a hot topic on the national scene. Several publications have been recently issued from various groups such as a Pew Charitable Trust task force and the American Medical Student Association, which outline several policy areas and establish recommendations. These recommendations will be evaluated by the task force as noted above. The Integrity Program will continue education efforts and develop monitoring mechanisms in preparation for the

Sunshine Act database release in September of 2014. The Integrity Office will be working with various departments and communications groups to educate affected clinicians about the Sunshine Act. In addition, payments to OHSU as a teaching hospital will also be included in the Sunshine Act database. The Integrity Office will also serve as a central resource to monitor information about payments to OHSU, in collaboration with other departments and the OHSU Foundation.

## **Environmental Health & Radiation Safety**

### **CY13 Highlights:**

- **HEALTHCARE FIRE DRILLS:** EHRS played a lead role in developing and conducting over 300 fire drills in hospital inpatient units. This process included the development of a video training module and training over 6,000 healthcare employees in fire safety and response. The Oregon State Fire Marshal directly observed and approved the process.
- **NEW RESEARCH SAFETY POSITIONS:** A new Research Safety Manager position was created and filled to oversee EHRS research safety. In addition, the position of Chemical Safety Officer/Lab Safety Advisor was created and recruitment successfully completed. Both positions were budget neutral and scope of duties includes all OHSU research laboratories. This will provide the necessary resources for regular research laboratory visits and the creation of a Research Safety committee.
- **THE JOINT COMMISSION ENVIRONMENT OF CARE SURVEY:** The Joint Commission conducted its triennial survey in the Healthcare Mission during May. The Environment of Care program is overseen by EHRS and includes standards covering general safety, public safety, emergency management, fire/life safety, medical equipment, hazardous materials and utilities. The TJC survey team identified only minor findings during their three day survey.
- **CLSB SERVICE LEVEL AGREEMENT:** EHRS completed a service level agreement (SLA) for the Collaborative Life Sciences Building (CLSB). The SLA covers all safety and environmental services in the areas of general safety, chemical safety, radiation safety, biosafety and environmental safety. The SLA also includes a proposal to create a CLSB Safety Officer position to oversee all EHRS services in CLSB.

### **CY14 Goals:**

- **CHEMICAL INVENTORY/RESEARCH SAFETY COMMITTEE:** A primary goal for the new Chemical Safety Officer/Lab Safety Advisor is to complete a needs assessment for a campus-wide hazardous chemical inventory as well as to advise on other needs for safe use of chemical hazards in the laboratory. Funds have been awarded to launch a pilot electronic inventory program at the CLSB to evaluate feasibility and benefits. The Chemical Safety Officer will review chemical/lab safety policies and create a research safety committee comprised of research faculty from all areas of the institution.
- **RECRUIT AND HIRE EHRS DIRECTOR:** The EHRS Director will retire at the end of 2014. A new Director will be recruited and hired in a timely fashion to allow mentoring and a smooth transition.
- **CLSB SAFETY OFFICER:** A Safety Officer for the CLSB will be hired in time for building occupation. The Safety Officer will implement EHRS programs required for occupants in CLSB and will work closely with each institution. The CLSB-SO will be located on site to meet the safety needs for building occupants. Funding has been approved for FY14 and FY15.
- **INPATIENT FIRE DRILLS:** The fire drill process will be modified in 2014 to require leadership in inpatient functional units to serve in the roles of Person in Charge (Charge Nurse) and Observer (Unit Manager). Approximately 250 Charge Nurses will be trained in early 2014.



## Healthcare Integrity

### CY13 Highlights:

- **OIG REVIEW:** In September, 2013 the OIG began an onsite Medicare Compliance Review audit of 115 claims with reimbursement of \$3.5M. To date, 54 of the 115 claims have been determined through a self audit to be incorrectly billed and \$2.3M refunded to CMS. The remaining 61 claims and \$1.2M of reimbursement was determined through the same self audit to be correctly billed. OHSU is waiting for a response for the OIG on these self audit results.
- **EXCLUDED/DEBARRED CHECK:** In the Fall of 2013, OHSU implemented excluded/debarred checks on a nightly basis for employees and vendors. CMS requires at least a monthly check of all employees and vendors to be compliant.

### CY14 Goals

- **FPP/HOSPITAL INTEGRITY INTEGRATION:** Following OHSU Healthcare's transition to an enterprise-wide revenue-cycle and with the retirement of the FPP Clinical Compliance Officer, the Integrity Program will combine the FPP and Hospital/Clinics Integrity teams under the leadership of a single Healthcare Integrity Officer. Recruitment for this important position will commence in late Spring. Mike Matthews, current Hospital Integrity Officer, will serve as an interim leader and begin the integration of the teams. This will allow efficiencies and common audits and education on both facility and professional activity. In addition, the Clinical Compliance Committee, Faculty Practice Plan Committee and the Hospital Compliance Committee memberships, goals and charters will be reviewed for possible reconfiguration.

## Information Privacy & Security

### CY13 Highlights:

- **DATA PROTECTION PROJECT:**
  - Encryption of computers and portable media that store or transmit OHSU Protected Health Information (PHI) creates a regulatory safe harbor if the device is stolen or lost and protects the unauthorized use of data on the devices while removing the requirement to report the loss to regulatory agencies. In an effort to protect PHI and prevent the reporting requirement, OHSU is expanding encryption at OHSU. Currently more than 14,500 computers are encrypted.
  - The Data Protection Project will also deploy Network Access Controls (NAC) that will eventually deny connection to the OHSU network unless the device is encrypted and encrypt smart phones and other portable devices accessing OHSU's email system. In addition, there is currently an extensive communication about data security through coordinated efforts with Strategic Communications, ITG and the Integrity Office.
- **RISK ANALYSIS:** OHSU conducts periodic risk analysis as required by regulation. An external review was completed in 2013 and included updating OHSU's risk management plan. The completion of this analysis at least every other year is instrumental in demonstrating to OCR and others of OHSU's ongoing commitment to protecting OHSU data.

### CY14 Goals:

- **CONTINUE DATA PROTECTION PROJECT:** As part of the ongoing Data Protection Project and as technology becomes adaptable to the OHSU network environment, encryption of portable media will be used to secure storage and transmission of OHSU PHI. Extensive testing, communication and evaluation of work flows will be instrumental in the successful expansion of encryption technology. In addition, identification of medical devices attached to the network is currently a manual process (phase 2) to exempt the device from encryption to protect the function of the device and preserve patient safety. In phase 3, the

identification of exempt devices will occur automatically. This will allow for proactive identification of the presence of encryption of a particular device trying to access the OHSU network.

- **MEANINGFUL USE:** As part of the phase two requirements to receive financial incentives for meaningful use of an electronic health record, annual attestation and demonstration of compliance with security requirements described in CMS documents “Core Measure 13” must be completed. This requirement dovetails into the other requirements of the HIPAA and HITECH rules and results in cash rewards to OHSU and to demonstrating protection of patient data in the electronic health record. As of late January, 2014, OHSU has received confirmation from CMS that its Core Measure 13 attestation documentation is adequate to address the core measure.

***Additional comments:***

- **GENETIC INFORMATION:** National debate is occurring to determine if DNA is an identifier in its own right even with the absence of standard recognized identifiers like full name, address, SSN, etc. If DNA becomes an accepted identifier, the use of safeguards to protect data otherwise considered “de-identified” will be greatly expanded. This will have particular impact in research, tissue banks, and other databases that store genetic information. The Information Privacy and Security Office is advising departments that use genetic information that they should use the same controls that are used to protect other identifiable health information.
- **PERSONAL DATA:** National legislation has been introduced to increase safeguards and accountability of users of Personally Identifiable Information (PII). Draft legislation will not affect OHSU’s HIPAA compliance efforts but may have an impact on other OHSU business lines. The OIPS is watching the legislative process and will determine the impact of any new legislation once that legislation is passed and signed into law.
- **FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA) REQUIREMENTS:** NIH, NCI and Veteran’s Hospital Systems are requiring more stringent adherence to FISMA data security standards for protection of sensitive information including patient data. If the FISMA requirements are fully applied to grants, contracts and VA relationships, there will be a need to significantly upgrade network security capabilities at OHSU to include universal dual factor authentication, quarterly reports of documentation of compliance, and expanded log reporting capabilities to name just a few of 200 plus controls that need to be in place. Where applicable, the OIPS is working with departments to determine the resources needed to meet FISMA standards set forth through federal relationships.
- **HEALTH EXCHANGES:** ARRA 2009 and the HITECH Act have incentives to promote use of electronic mechanisms to share PHI on a real time or near real time basis using Health Information Exchanges at the local, state, regional and national level. The Office of the National Coordinator for Health Information Technology is charged with building an interoperable, private and secure nationwide health information system intended to ensure secure and protected PHI, improve quality of care, provide data at the time and place of care, improve and facilitate public health and research usage, and promote early detection of disease. This will be accomplished by implementing standards and certification of HIT products, health IT policy coordination, strategic planning for HIT adoption and health information exchange, and establishing governance for the Nationwide Health Information Network. OHSU is participating in committees at the state and regional level to help develop methods to accomplish the purpose of health information exchange
- **BUSINESS ASSOCIATE COMPLIANCE:** The updated definitions of Business Associate in the HITECH Act now includes vendors who provide storage and transmission services for PHI. HIPAA has expanded responsibility and accountability of Business Associates and will bring with it increased scrutiny to covered entities of their process of “due diligence” when establishing contractual relationships with vendors.

## **Research Integrity**

### ***Human Research Protection Program***

### **CY13 Highlights:**

- **IRB PROCESS IMPROVEMENT:** The OHSU IRB launched a process improvement initiative to improve IRB approval turnaround time, increase transparency and consistency of IRB review, and ensure compliance of IRB review with regulatory requirements. The IRB utilized the services of a nationally recognized expert in IRB process and implemented a reformulated approach to research review that is more tightly aligned to federal regulations and streamlines administrative procedures.

### **CY14 Goals:**

- **UPGRADE IRB ELECTRONIC SYSTEM:** The IRB will upgrade its current electronic system to latest version. The updated system is designed to directly support the revised streamlined review procedures implemented this past year. A capitol budget request will be submitted to support the initiative, which includes: 1) Design of the new system with an eye towards a minimal application to reduce submission burden on investigators, streamlined review functionality and leveraging electronic functionality for review efficiency, 2) Mapping and transfer of approximately 3000 active and 7100 historical projects to the new system, 3) Integration with other OHSU systems including HR data, eCRIS (OHSU's new clinical research management system), and eCOI (conflict of interest management system).

## ***Institutional Animal Care & Use Program***

### **CY13 Highlights:**

- **AAALAC ACCREDITATION:** The Central and Waterfront Campus and West Campus animal care and use programs both received Continued Full Accreditation from the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC). Re-accreditation assures that OHSU animal-use programs conform with AAALAC standards as set forth by the Guide for the Care and Use of Laboratory Animals.
- **eIACUC 2.0:** ITG development of the redesigned eIACUC commenced in December, 2012 and has been ongoing during the past year. The project is on-schedule with go-live projected for November, 2014.
- **IACUC OUTREACH PROGRAM:** An IACUC Outreach Program was implemented whereby an IACUC Office work station was established on the Hill to improve support and communication with the research community. The program provides opportunities for face-to-face visits with investigators and their staff to deliver protocol assistance, IACUC support, and preliminary information regarding the eIACUC 2.0 implementation.

### **CY14 Goals:**

- Continue IACUC OUTREACH PROGRAM as described above. Launch eIACUC 2.0 in November, 2014.

## **Other Integrity Updates**

- **ANNUAL INTEGRITY BOOSTER:** New version of the Integrity Booster deployed and required annually. The 2014 Booster incorporates new updates from each Integrity Program and a Code of Conduct Attestation. Our contracts with healthcare insurance carriers with Managed Medicare plans now require annual training. In addition, recent breaches have pointed to the need for increased and improved training and awareness of the workforce around data protection.
- **CLSB MOU:** The Research Integrity Office in collaboration with the Legal department are putting together a Memorandum of Understanding to cover the research compliance areas (IRB, IACUC, IBC) and oversight for research requiring these compliance reviews at the CLSB. The goal is to assure that collaborative research can be conducted without requiring dual reviews from each institution's compliance committee.
- **A&AS REBOOT:** A new A&AS Director started at the end of February. The Director will review the entire program and suggest recommendations for improving the program, as well as aligning it with current industry trends and best practices. In addition, the Director will begin recruitment of 3.0 FTE auditors.

## Glossary of Acronyms

<b>AAALACi:</b>	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.
<b>A&amp;AS:</b>	OHSU's Audit and Advisory Services (internal audit) department.
<b>ANPRM:</b>	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.
<b>CMS:</b>	Centers for Medicare and Medicaid Services
<b>EHRs:</b>	OHSU's Environmental Health and Radiation Safety Department
<b>FDA:</b>	The U.S. Food and Drug Administration
<b>HIPAA:</b>	The Health Insurance Portability and Accountability Act. HIPAA is divided into three rules related to information privacy, information security, and transaction and code sets.
<b>HITECH:</b>	Health Information Technology for Economic and Clinical Health
<b>IPOC:</b>	Integrity Program Oversight Council. This is the OHSU Board of Directors-level committee charged with oversight of the integrity program.
<b>IRB:</b>	Institutional Review Board. This is the committee responsible for review and approval of all human subjects' research at OHSU.
<b>ITG:</b>	OHSU's Information Technology Group
<b>MAC:</b>	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.
<b>NIH:</b>	National Institutes of Health
<b>OCR:</b>	Office for Civil Rights. This is the federal office that oversees compliance with the Health Insurance Portability and Accountability Act (HIPAA).
<b>OHRP:</b>	Office for Human Research Protections. This is the primary federal office that oversees human subject's research compliance.
<b>OIG:</b>	Office of Inspector General of the U.S. Department of Health and Human Services.
<b>OIPS:</b>	Office of Information Privacy & Security (OIPS)
<b>ORIO:</b>	The OHSU Research Integrity Office
<b>PHI:</b>	Protected Health Information
<b>PSU:</b>	Portland State University



# OHSU Integrity Program

2013 Annual Report to the  
OHSU Board of Directors

Presented by: Jennifer Ruocco, PhD  
Chief Integrity Officer

Date: April 24, 2014

# 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.*

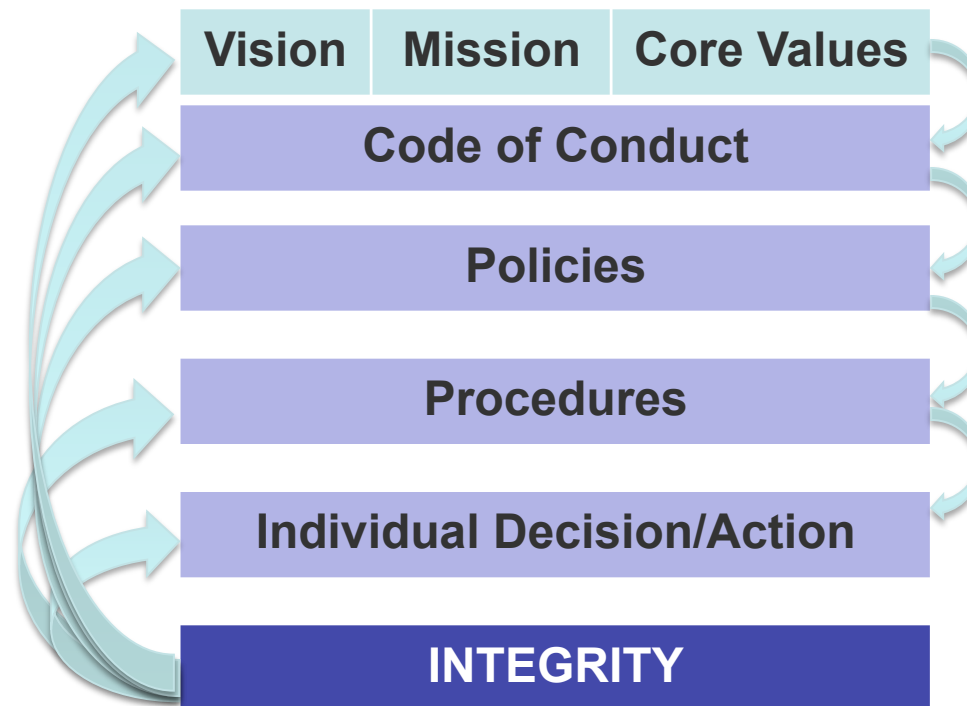
*Such compliance and ethics program shall be **reasonably** designed, implemented, and enforced so that the program is **generally effective** in preventing and detecting criminal conduct. The failure to prevent or detect the instant offense does not necessarily mean that the program is not generally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





# CY 2013 Highlights

- **Information Privacy & Security:**
  - Data Protection Program
- **Environmental Health & Radiation Safety:**
  - EHRS played a lead role in developing and conducting over 300 fire drills in hospital inpatient units during 2013.
  - This process included the development of a video training module and the subsequent training of over 6,000 healthcare employees in fire safety and response.
  - Fire Drill program restructured with increased staff engagement and documented participation.

# CY 2013 Highlights

- **Research Integrity**
  - Collaborative Research Memorandum of Understanding
    - Avoids dual review of collaborative research projects
    - Allows for ease and flexibility in assigning appropriate review committee
    - Can be used for collaborative projects outside the CLSB
    - Other local entities could be invited to sign on

# CY 2014 Goals

- Code of Conduct revision
- Annual integrity booster
- COI Task Force
- Onboard new integrity leadership: internal audit, environmental health/safety, healthcare
- Major revision to integrity web page
- Research integrity system upgrades:
  - eIACUC, eIRB

# CLSB/Skourtes Tower Update

## OHSU Board of Directors



Mark B. Williams  
Vice President, Campus Development & Administration  
April 24, 2014



# Construction Schedule: *On Time and On Budget*

## Final Work in Progress:

### Medical Simulation

- Camera cabling nearing completion
- Monitor & data relocation work approved and ongoing

### Punch list/Commissioning

- Overall 60% of the building is back punched.
- Establishing final area sign off process.
- Anticipated punch completion 5/16
- Commissioning is ongoing with building flush and MEP systems 90-day run time.



# CLSB—Skourtes Tower Facts

- Largest Public or Academic Building ever built in the City of Portland
- 1,224,942 labor hours
- Over 400 workers on site at peak
- Total Payroll: \$61,341,279
- Total Spent Locally with Oregon subcontractors: \$121,526,818
- 89,100,000 pounds of concrete
- 126 miles of electrical conduit
- Over 26 miles of plumbing



# MWESB Status Report

**Overall participation rate through March 2014: 15.0%**

**Subcontracting Status to Date:**

- Committed Subcontracts: \$181.3M

**Overall MWESB: \$27.1M/15.0%**

- MBE: \$11.4M/6.3%/25 Subs
- WBE: \$10.8M/6.0%/30 Subs
- ESB: \$12.5M/6.9%/34 Subs

**Workforce Participation:**

- Minority: 18.5%
- Female: 6.0%
- Apprentice: 20.0%





# LEED PLATINUM Update



- 780,000 gallons of waters saved annually using rainwater.
- 60% total water savings
- 20% of total site area dedicated to landscaping & green roof
- 86% of construction waste recycled: 3,079 tons total
- Old drilling pipes repurposed as pilings saved \$3,435,000
- High performance heating and cooling systems = 33% energy reduction

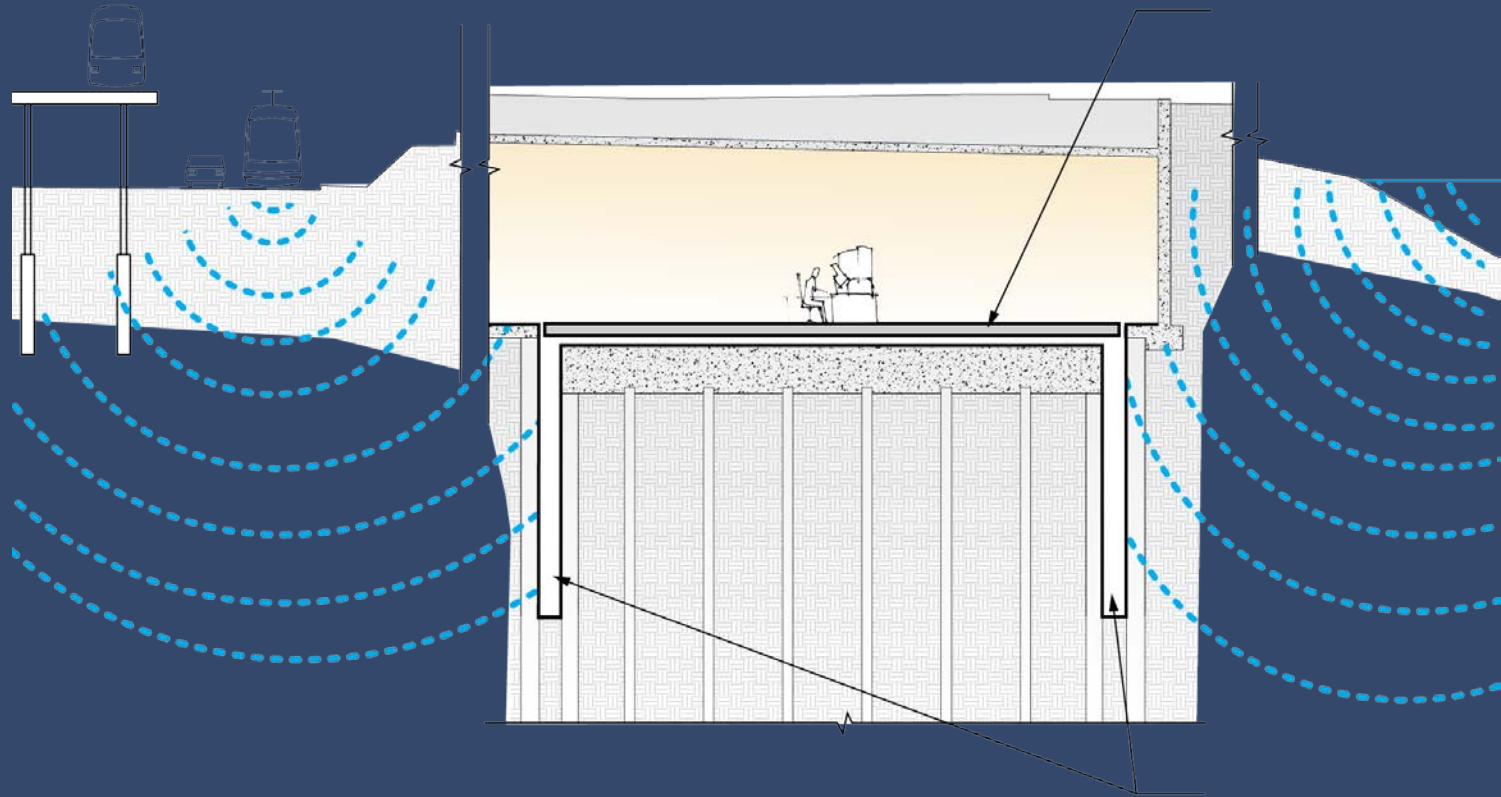


# Operations Transition

## Major milestones:

- May 15 to June 15 - Operational groups start up commission systems in preparation for “Go Live”
- June 15 to July 1 – Temporary Certificate of Occupancy achieved/early group move in
- **July 7<sup>th</sup> – Begin Dental Clinic Operations**
- July to September 15 – Departmental moves

# Oregon Center for Spatial Systems Biomedicine (OCSSB) Low Vibration Lab



# OCSSB Low Vibration Lab

- 57 piles under the thick slab
- 5'6" deep concrete slab (3,400 sf)
- 47 tons of concrete in the slab





# Questions?

