



OREGON HEALTH & SCIENCE UNIVERSITY BOARD OF DIRECTORS MEETING

**September 29, 2016
1:30 pm – 3:30 pm
CLSB 3A002**

1:30 pm	Call to Order / Chairman's Comments Mark Richardson Resolution President's Comments Approval of Minutes (Action)	Jay Waldron Jay Waldron Joe Robertson, M.D. Jay Waldron
1:45 pm	Financial Update	Lawrence Furnstahl
	K12 On-Track programs	Susan Shugerman, Ed.D.
	Annual Report from Faculty Senate	Kristin Lutz, Ph.D., R.N.
	Appointment of new OHSU board chair and vice chair (Action)	Jay Waldron
	Recognition of Service, Jay Waldron (Action)	Maria Pope



**RESOLUTION 2016-09-11
OREGON HEALTH & SCIENCE UNIVERSITY
BOARD OF DIRECTORS**

WHEREAS, Mark A. Richardson, M.D., M.Sc.B., M.B.A., was an accomplished and inspiring leader, otolaryngologist, and the 14th dean of the OHSU School of Medicine, serving since July 2007;

WHEREAS, Oregon Health & Science University and the School of Medicine greatly benefitted from Dr. Richardson's efforts, guiding the faculty and staff through a period of unprecedented growth and unparalleled achievement across all of the University's missions;

WHEREAS, the OHSU Board of Directors also wishes to publicly acknowledge Dr. Richardson for his service;

NOW THEREFORE, BE IT RESOLVED, that Oregon Health & Science University expresses its heartfelt appreciation to Dr. Mark Richardson for his leadership, for his significant contributions to the University and for his commitment to, and advancement of, the interests of OHSU's missions of teaching, healing, discovery and outreach.

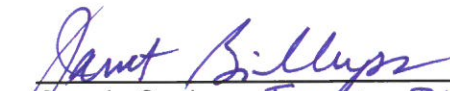
This Resolution is adopted this 29th day of September, 2016.

Yeas 8

Nays 0

Signed by the Secretary of the Board on September 29, 2016.

↳ Assistant



Gonnie Seeley Janet Billups
Board Secretary
↳ Assistant

**Oregon Health & Science University
Board of Directors Meeting
June 30, 2016**

Following due notice to the public, the regular meeting of the Board of Directors of Oregon Health & Science University (OHSU) was held at 9:00 a.m. in the Collaborative Life Sciences Building, 2730 SW Moody Road, room 3A002, Portland, Oregon.

A transcript of the audio recording was made of these proceedings. The recording and transcript are both available by contacting the OHSU Board Secretary at 3181 SW Sam Jackson Park Road, Mail Code L101, Portland, Oregon 97239. The following written minutes constitute a summary of the proceedings.

Attendance

A quorum of the Board was present. Board members in attendance were Jay Waldron, Chair, presiding; Maria Pope, vice-chair; Ken Allen; Prashant Dubey; Frank Toda; Suzy Funkhouser; Joe Robertson; David Yaden; and Amy Tykeson. Also present were Lawrence Furnstahl, Chief Financial Officer; Connie Seeley, Board Secretary and OHSU Chief of Staff; other OHSU staff members and members of the public.

Call to Order

Jay Waldron called the meeting to order at 1:46 p.m.

Chairman of the Board's Comments

Due to the late start of the meeting, Mr. Waldron ceded the floor to Dr. Robertson.

President's Comments

Dr. Robertson spoke on the following topics:

- ***CLSB – It works***
Looking back at the first two years with the CLSB, the building has exceeded its expectations.
- ***Three new S. Waterfront Buildings***
We have recently broken ground on CHH South, the Gary and Christine Rood Family Pavilion Guesthouse, and the Knight Cancer Research Building.
- ***OHSU named to top 100 great hospitals***
By Becker's Hospital Review.
- ***Transgender patients***
The Oregonian ran a series of articles in May on OHSU's progress with regard to caring for transgender patients.
- ***OHSU/Intel partnership***
This partnership is mentioned in a book titled *The Smartest Places on Earth*, written by two Dutch authors who are looking at the brain belts in America and Northern Europe.

The OHSU/Intel partnership is mentioned, and Joe Gray and Mary Stenzel-Poore are interviewed extensively.

- ***Lawrence Furnstahl named CFO of the Year***
Lawrence Furnstahl has been named the 2016 Portland Business Journal's CFO of the Year for the non-profit category.
- ***Faculty Accomplishments***
 - Dr. Alisha Moreland-Capuia, nominated by Mayor Charlie Hales to the PDC.
 - Dr. Charles Thomas, named the OMA's Doctor Citizen of the Year.
- ***OHSU named Best Summer Program***
OHSU was named 42 on the Best College Reviews List of top 50 summer programs.
- ***Graduation 2016***
Dr. Robertson happily announced that another class has been graduated. OHSU graduated 1,255 graduates this year, more than ever.

Approval of Minutes

Mr. Waldron asked for approval of the minutes of the April 7, 2016 Board meeting, included in the board docket. Upon motion duly made by David Yaden and seconded by Amy Tykeson, the minutes were unanimously approved.

Student Impact

Jenny Mladenovic, M.D.

Dr. Mladenovic updated the board on the Tuition Promise, the President's Fund and Scholars for Healthy Oregon. She stressed that, although student indebtedness has continued to climb nationally, here at OHSU it has leveled off.

Amy Tykeson asked how our tuitions compare with other similar type caliber medical institutions. Dr. Mladenovic replied that, although OHSU used to have among the highest tuition in the country, it is no longer the case, which is good news. Additionally, we have shown impact through our Tuition Promise, because we have limited tuition increases. In some programs we actually compare very favorably, particularly in nursing, compared to the rest of the community. In the PA program, we are high-priced, but very competitive. For the first time, we have offered scholarships to underrepresented groups in the PA program, and that is having an impact.

Joe Robertson added that he recently reviewed an application for a new medical school whose tuition projections are in the \$80,000 range.

Suzy Funkhouser added that she is someone who has benefited from the Tuition Promise and believes it to be a great development to OHSU over the last four years. She feels that tuition is probably the biggest area that impacts the future of medical students in terms of paying it back for twenty years. Continuing to focus on tuition containment is very important.

Dave Yaden offered his gratitude for the progress and continued effort on achieving some real diversity.

FY16 YTD Results and Proposed FY17 Budget

Lawrence Furnstahl

Mr. Furnstahl presented the proposed budget and an update on year-to-date financial results.

He explained the objective in this year's budget is to advance Vision 2020. There are three goals:

- Ensuring Oregonians have access to OHSU and our partners, and that OHSU has access to Oregonians across all of our missions, with a particular focus on inclusion and equity;
- Accelerating the next wave of investment in science; and
- Implementing a 21st century model of health professions education.

Mr. Furnstahl also made the following points:

- The financial strength of the university has more than doubled over the last decade;
- 500,000 Oregonians have accessed new health insurance coverage through the Affordable Care Act;
- This year's budget differs from past years, in that it has been prepared with consultation with OHSU Partners, including the Salem Health and Tuality Boards, and with the OHSU Faculty Senate;
- We have done a lot of work in terms of the standardization of our data that allows us to be more consistent; and
- We continue to work on transparency and consistency through all layers of OHSU's budget process.

For the first time, the board was asked to approve the clinical budget of OHSU Partners.

Mr. Furnstahl also mentioned some major projects underway, including the demolition of the old School of Dentistry, which will allow for the expansion of the Casey Eye Institute and the buildout of the West Side Multi-specialty clinic in Beaverton.

Jay Waldron asked Mr. Furnstahl if the accounts payable growth in the budget is directly attributable to the increase in revenue. Mr. Furnstahl said that, yes, it is directly attributable to it. Assuming we hold the same collection cycle and because we have about an 8 percent growth year-over-year budgeted in patient revenue, we have to fund that much more. We are constantly trying to shorten that cycle and may do a little bit better, but that is the target we put into our cash flow.

Jay Waldron said he did not see a table this year on Days of Cash on Hand. Mr. Furnstahl confirmed that there wasn't a chart this year; however, there was a cash flow table, which was not included with the slides, but was included in the budget. There is \$55 million of positive cash flow expected, which actually slightly increases our days cash on hand next year. Some of that is a result of banking cash, because some of the CHH south project is gift funded, with those gifts coming in a little bit later. We are trying to build up a little bit extra cushion of cash. We are maintaining the strength of our balance sheet, both in terms of liquidity and leverage, through this.

Resolution 2016-06-05: *Adoption of the Operating Budget, Capital Budget, Academic Year Fee Book, and Health System Budgets*

Mr. Waldron asked for a motion for Resolution 2016-06-05. David Yaden moved to approve the motion. Ken Allen seconded the motion. The motion passed.

Rood Family Pavilion

Joe Robertson

Dr. Robertson described the Rood's long affiliation with OHSU and their venture into senior housing and commercial real estate projects that continue to grow. Through their careers in healthcare they recognized the need for a place for patients' families to stay. This gift will have tremendous impact.

Frank Toda mentioned that he has known the Rood family for 32 years and echoed everything that Dr. Robertson said. Gary Rood has a passion for healthcare, and there are countless stories where he has made a difference in the lives of patients and families from his own pocket.

Resolution 2016-06-06: *Resolution for naming of the Gary and Christine Rood Family Pavilion*

Mr. Waldron asked for a motion for Resolution 2016-06-06. Joe Robertson moved to approve the motion. Marie Pope seconded the motion. The motion passed.

Colson/Pancreatic Strategy Update

Brett Sheppard, MD; Rosalie Sears, MD

Drs. Sheppard and Sears gave an in-depth presentation to the board on the Brenden-Colson Center, which is now comprised of 15 academic labs at OHSU and over 15 academic and industry partnerships. The Center was started over 10 years ago when Drs. Sheppard and Sears partnered with a goal of reducing deaths to pancreatic cancer. The Center's focus is: early detection, advanced therapeutics and quality of life.

Frank Toda asked if whether it is true that people are often not diagnosed and treated in time, because they do not have any symptoms or recognize the symptoms. Dr. Sheppard agreed that it is true and that only 1/3 are diagnosed in time to even be considered for surgery. This is why early detection is a main focus.

Frank Toda asked if one of Dr. Sheppard's long-term goals is to have a home diagnosis kit, and Dr. Sheppard replied that it would be a great achievement.

Frank Toda said that the reason he suggested that is because the data shows that when you get diagnosed, your probability of survival is very low. Dr. Sears replied that she and Dr. Sheppard are collaborating with Dr. Dan Marks, who is a world expert in the field of cachexia. Dr. Marks has noticed that one of the first things that happens with pancreatic cancer, even before the cachexia, is that the patient's base movement level decreases. Therefore, something like a smart watch or a similar home-monitoring device, based on our early detection conference that we had here, is something we definitely need to think about.

Amy Tykeson asked that, with the cures and treatments for lung cancer and a lot of other cancers that we have had for many years, why it is that the pancreatic cancer rate is increasing so rapidly. Dr. Sheppard replied that he believes it to be a multifactorial problem. The incidence of pancreatic cancer has been increasing about one percent per year since 1960, and it is associated with certain things we know about, like obesity, a western diet, a diet high in meat, cigarette smoking, and probably environmental carcinogens of which we are. The other component is that there is still a lot of breast cancer and colon cancer, and people still, unfortunately, die from those cancers. However, there has been progress with those, so that people are living longer and many people are getting cured, if caught early. So, we have an increasing incidence of pancreatic cancer with a decreasing death rate from the other malignancies. It is a combination of things.

Joe Robertson asked what is known about the mechanism between the relationship between chronic pancreatitis and pancreatic cancer and whether there is any correlation of that with the development of pancreatic cancer in those patients that do not have pancreatitis. Dr. Sheppard replied that inflammation is probably the common underpinning state of the transition from an inflamed pancreas to a malignant pancreas and it changes the immune system to allow for proliferation of malignant cells. Those cells may change and get dysplastic; however, if we are immunocompetent, then we can kill those cells. With inflammation, though, we sort of lose that; it changes the microenvironment and gets permissive for cells to start taking off. Dr. Sears added that the genetics would tell us that there are certain drivers, and not always within the pancreas, but they seem to allow cells to persist and become cancer cells in the pancreas setting. So that would be like mutant KRAS, for example, or mutant P53. We even talked about this in the early detection center and are trying to understand what the evolution is from benign to malignant, because that is really what we want to understand. One of the things that came out at the end of the early detection conference was that we agreed that really need to understand this better to even start coming up with these tools. You are going to understand what the stochastic events are that allow your body to house and host that tumor that won't be eliminated. That is going to take more of this deep biology that we need to do on the patient specimens.

Amy Tykeson asked if the doctors thought pancreatitis is hereditary. Dr. Sheppard replied that while the more common causes in the United States are not hereditary, it can be.

Jay Waldron said that pancreatic cancer is just about the most devastating diagnosis anyone could ever get. He said he assumes that the doctors have a great deal of philanthropic support and asked whether they have a plan or a program for increasing that. Dr. Sheppard said that it is absolutely on their radar screen. They hope to continue what they have started by further partnering with the Foundation. This started with a very transformative gift by the Colsons and the Brendens.

Adjournment

Hearing no further business, Mr. Waldron adjourned the meeting at 2:53 p.m.

Respectfully submitted,

Connie Seeley

Board Secretary



FY16 Unaudited & FY17 August YTD Financial Results

OHSU Board of Directors
September 29, 2016

FY16 June Financial Results (Unaudited)

- KPMG will present their report on the annual external audit in October. Enough work has been done, however, to give confidence in the following results.
- OHSU's core operating income through 12 months is \$132 million, \$12 million above budget and 20% higher than last year, on 9% revenue and 8% expense growth.
- Very strong patient activity, on nearly 6% activity growth plus higher pharmacy use, drove the gain.
- Salem Health's earnings continued well-above their historical average, resulting in a positive true-up that more than offset 5 months of losses at Tuality Healthcare and management costs at OHSU Partners, LLC.
- University operations outside of the hospital were on budget.
- OHSU-held cash & investments rose by \$191 million during the year, of which \$100 million came from July 2016's taxable bond issue and \$91 million reflects true positive cash flow from earnings.
- Through early September, operating cash balances continue to track ~\$100 million above prior year, while also showing the typical seasonal pattern of peak cash at June 30th, followed by declines in July as annual debt service is paid.

FY16 Results – Large One-Time Items

- Not included within the \$132 million in core operating income are four one-time items, recorded on the audited financials but segregated with internal management statements to allow meaningful year-to-year comparisons:
 - \$16 million from the first year's application of the \$200 million State grant to the Knight Cancer Challenge research facilities
 - \$9 million from the Knight Cardiovascular Institute gift invested in Oregon Heart (total artificial heart research effort) that is written off within investment income
 - \$(190) net impact from GASB 68 accrual accounting for PERS pension costs, reflecting the Oregon Supreme Court's reversal of legislatively-mandated benefit reductions
 - \$378 million net operating gain in the Foundations, largely from recording the present value of Mr. Knight's \$500 million Cancer Challenge match.
- Including these four items brings consolidated OHSU operating income (including State appropriations) to \$344 million.
- Adding investment returns, capital and endowment gifts, and other non-operating items brings FY16's total increase in consolidated net worth to \$402 million.

Core OHSU Earnings \$12M > Budget

FY16 June Unaudited (millions)	FY15 Actual	FY16 Budget	FY16 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	\$1,808	\$1,906	\$1,990	\$84	10%
Grants & contracts	377	381	378	(3)	0%
Gifts applied to operations	80	106	98	(8)	22%
Tuition & fees	67	69	69	(0)	3%
State appropriations	33	36	36	(0)	6%
Other revenue	98	103	114	11	16%
Operating revenues	2,463	2,601	2,684	83	9%
Salaries & benefits	1,420	1,506	1,532	27	8%
Services & supplies	697	723	758	35	9%
Medicaid provider tax	80	88	90	1	12%
Depreciation	129	132	137	5	6%
Interest	27	32	34	2	27%
Operating expenses	2,353	2,481	2,552	71	8%
Core operating income	110	120	132	12	20%
State grant to KCC	0	0	16	16	
KCVI gift applied to OR Heart	0	0	9	9	
Oper. income (pre-GASB 68)	110	120	157	36	42%
Reverse PERS cash contribution	38		32		
Record GASB 68 PERS accrual	89		(222)		
Net impact of PERS / GASB 68	127		(190)		
OHSU oper. income (GASB 68)	237		(34)		
Net Foundations oper. income	73		378		
Consolidated operating income	\$310		\$344		

FY16 Variance from Budget:

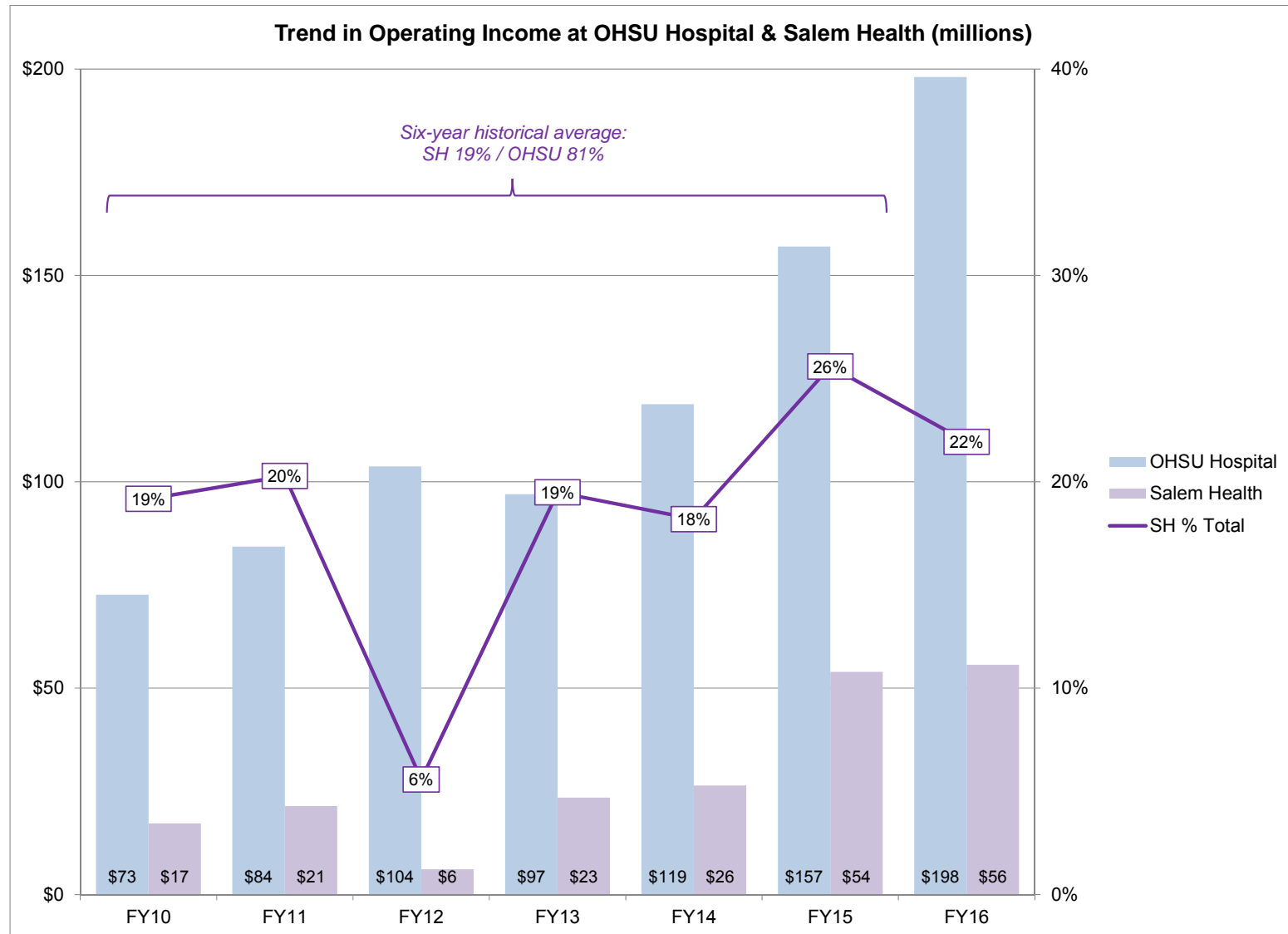
OHSU Hospital	\$8
Tuality loss support (5 months)	(3)
Salem Health true-up (12 months)	8
OHSUP LLC expense	(2)
OHSU Healthcare (total)	12
School of Medicine unrestricted	(0)
Other university unrestricted	13
Restricted funds	(13)
Core income budget variance	\$12

Adjusted Admissions & Pharmacy Drive Revenue

OHSU Hospital Activity Jun YTD (12 months)	FY15 Actual	FY16 Budget	FY16 Actual	Actual / Budget	Actual / Last Year
Inpatient admissions	29,244	29,284	29,834	2%	2%
Average length of stay	5.82	5.71	5.88	3%	1%
Average daily census	454	448	469	5%	3%
Day/observation patients	35,798	38,420	37,708	-2%	5%
Emergency visits	47,995	47,416	49,180	4%	2%
Ambulatory visits	811,510	867,315	856,289	-1%	6%
Surgical cases	31,580	33,545	33,134	-1%	5%
Casemix index	1.98	2.00	2.03	1%	3%
Outpatient share of activity	47.1%	47.4%	47.6%	0%	1%
CMI/OP adjusted admissions	109,435	111,451	115,615	4%	6%

OHSU Pharmacy (000)	FY16 Budget	FY16 Actual	Actual - Budget
Pharmacy revenues	\$163,671	\$202,992	\$39,321
Salaries & benefits	12,195	12,136	(59)
Drug costs	67,864	85,785	17,921
Other direct expnese	3,052	5,873	2,821
Allocated overhead expense	41,083	49,759	8,676
Pharmacy expenses	124,194	153,553	29,359
Rx component of earnings	\$39,477	\$49,439	\$9,962
<i>Rx operating margin</i>	24.1%	24.4%	

Record Hospital Income at Both OHSU & Salem



Cash +\$191M from \$100 Taxable Debt & Earnings

Balance Sheet (millions)	6/30/15	6/30/16	Change
Operating cash & investments	\$595	\$794	\$199
Quasi-endowment funds	86	79	(7)
Moda surplus note, net	34	34	0
OHSU cash & investments	714	906	191
Trustee-held bond funds	31	21	(10)
KCC capital project fund	0	85	85
CHH-S/other capital funds	1	80	80
Total cash & investments	746	1,091	345
Net physical plant	1,528	1,606	78
Interest in Foundations	922	1,346	424
Long-term debt	(739)	(907)	(168)
GASB 68 pension items, net	(53)	(244)	(190)
Working capital & other, net	113	26	(87)
OHSU net worth	2,516	2,918	402
Oper. income (pre-GASB 68)			157
GASB 68 impact			(190)
OHSU investment return			12
Gain (loss) from Foundations			424
Other non-operating items			(0)
Total change in net worth			\$402

Cash Flow (millions)	Jun YTD
Oper. income pre-GASB 68	\$157
Depreciation	137
OHSU investment return	12
New debt issued	220
Deposit to CHH-S proj. fund	(120)
CHH-S project funds applied	40
2009A DSF applied refunding	16
Sources of OHSU cash	462
Regular principal repaid	(22)
Principal repaid on refunding	(30)
Capital spending	(216)
Increase in patient A/R	(40)
Other working capital, net	37
Uses of OHSU cash	(271)
Sources less uses of cash	191
6/30/15 balance	714
6/30/16 balance	\$906

*Net \$100m from
July 2016
taxable bonds*

*\$91m cash flow from
earnings (after \$100m
taxable bonds)*



GASB 68 Accounting for PERS Pension

- Half of OHSU's pension-eligible employees are in the State's PERS defined-benefit plan; the remaining half are in our own UPP defined-contribution plan.
- In FY15, OHSU adopted new GASB 68 accounting standards for pension:
 - GASB 68 moves PERS accounting from a cash to an accrual basis
 - All PERS entries are booked one year in arrears, based on the system's accounting cycle—thus FY16 results reflect FY15 PERS activity.
- As a defined-contribution plan, UPP accounting doesn't change (cash = accrual).
- *Due to OHSU benefit changes and new union contracts requiring employees to contribute 6% of salary to PERS, 90%+ of new employees are selecting our own UPP defined-contribution plan.*

GASB 68 Accounting for PERS (continued)

- In FY13, the Oregon legislature limited cost of living adjustments for PERS pensions, reducing system-wide liabilities by approximately \$2.5 billion, of which OHSU's 4% share was roughly \$100 million. Using the one-year lag, this would have been booked as a ~\$100 million gain in FY14, but OHSU was not yet on the GASB 68 accrual method of accounting.
- In FY14, the legislature further limited COLA adjustments, resulting in another \$2.5 billion reduction in system-wide liabilities, of which OHSU's share was again roughly \$100 million. Using the one-year lag, this was booked as a ~\$100 million gain in FY15, the first year OHSU adopted the new GASB 68 standards.
- In FY15, the Oregon Supreme Court reversed almost all of both COLA reductions, increasing system-wide liabilities by \$5 billion, of which OHSU's share is roughly \$200 million. With the one-year lag, this is booked as a ~\$(200) million expense in FY16.
- In addition, there are variances from expected investment returns (up & down) that are amortized over a rolling 5 year period.
- These are non-cash entries: OHSU's cash contribution to PERS was \$32 million in FY16.
- The "core operating income" measure reported in this document uses a consistent, pre-GASB 68 cash basis of accounting to show "apples to apples" operating results.

Five-Year Perspective: FY11 – FY16

- Over the past 5 years, OHSU's revenues have grown at nearly 7% annually, outpacing expenses to increase core operating income from \$57 million to \$132 million.
- Patient care has grown nearly 3x as fast as research & education, with gifts substituting for grants and tuition for State appropriations.
- In part this rebalanced the very rapid growth of OHSU's science enterprise with the Oregon Opportunity in the first decade of this century, as well as one-time research funding from the ARRA / stimulus bill after the 2008 – 2009 financial crisis.
- Going forward, new rounds of investment in faculty and programs through the Knight Cancer Challenge, the Onward campaign and higher research & education support from clinical earnings (including coverage gains from the Affordable Care Act), should result in more balanced growth among OHSU's missions.
- OHSU's transparent funding model calls for 70 – 75% of research & education costs to be directly funded by grants, tuition and State appropriations for education, with the remaining 25 – 30% supported through a balanced mix of philanthropy and clinical earnings.

Past 5 Years Rebalanced toward Clinical Mission

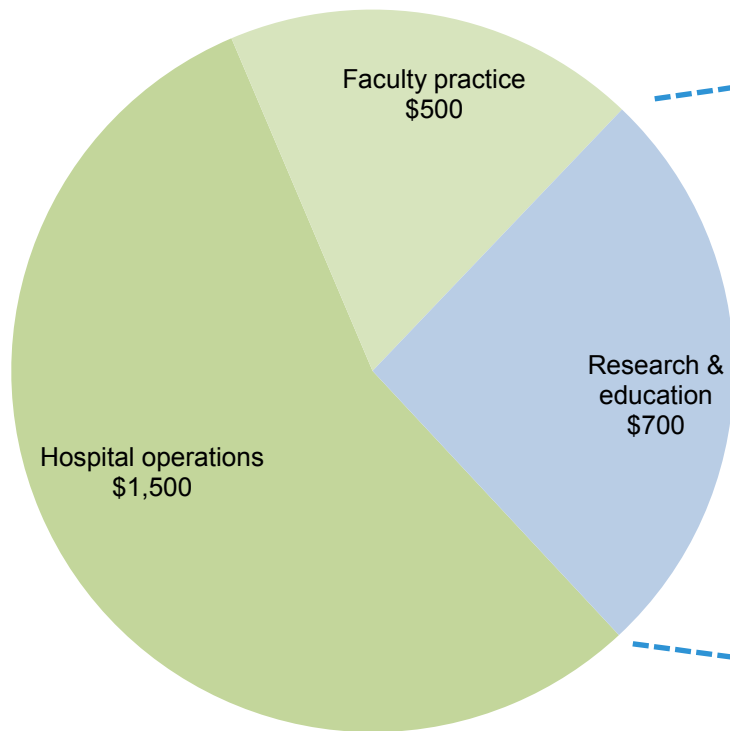
FY16 Compared to FY11 (millions)	FY11 Actual	FY16 Actual	5 Year CAGR	
Net patient revenue	\$1,326	\$1,990	8%	7.9% <i>NPR - Prov Tax</i>
Grants & contracts	377	378	0%	
Gifts applied to operations	31	98	26%	3.1% <i>Grants + Gifts</i>
Tuition & fees	54	69	5%	
State appropriations	39	36	-2%	2.3% <i>Tuition + St Appr</i>
Other revenue	82	114	7%	
Operating revenues	1,909	2,684	7%	6.6% <i>Rev - Prov Tax</i>
Salaries & benefits	1,108	1,532	7%	
Services & supplies	576	758	6%	6.3% <i>S&B + S&S</i>
Medicaid provider tax	24	90	30%	
Depreciation	107	137	5%	
Interest	37	34	-2%	3.6% <i>Deprec + Interest</i>
Operating expenses	1,852	2,552	7%	6.1% <i>Exp - Prov Tax</i>
Core operating income	57	132	18%	

Patient Revenue Growth Half Volume / Half Rate

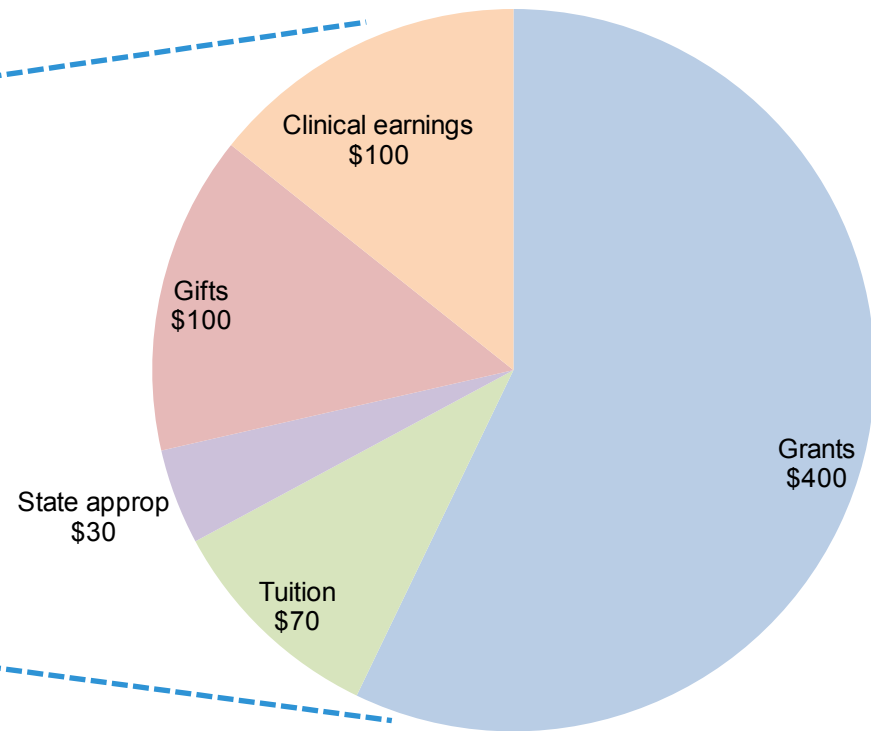
FY16 Compared to FY11 Patient Activity & Revenue	FY11 Actual	FY16 Actual	5 Year CAGR
Inpatient admissions	28,686	29,834	0.8%
Average daily census	429	469	1.8%
Emergency visits	46,070	49,180	1.3%
Ambulatory visits	698,621	856,289	4.2%
Surgical cases	29,528	33,134	2.3%
Casemix index	1.91	2.03	1.2%
Outpatient share of activity	42.2%	47.6%	2.4%
CMI/OP adjusted admissions	94,719	115,615	4.1%
NPR - Provider Tax (millions)	1,302	1,900	7.9%
Revenue / adjusted admission	13,746	16,435	3.6%

Schematic Research & Education Funding Model

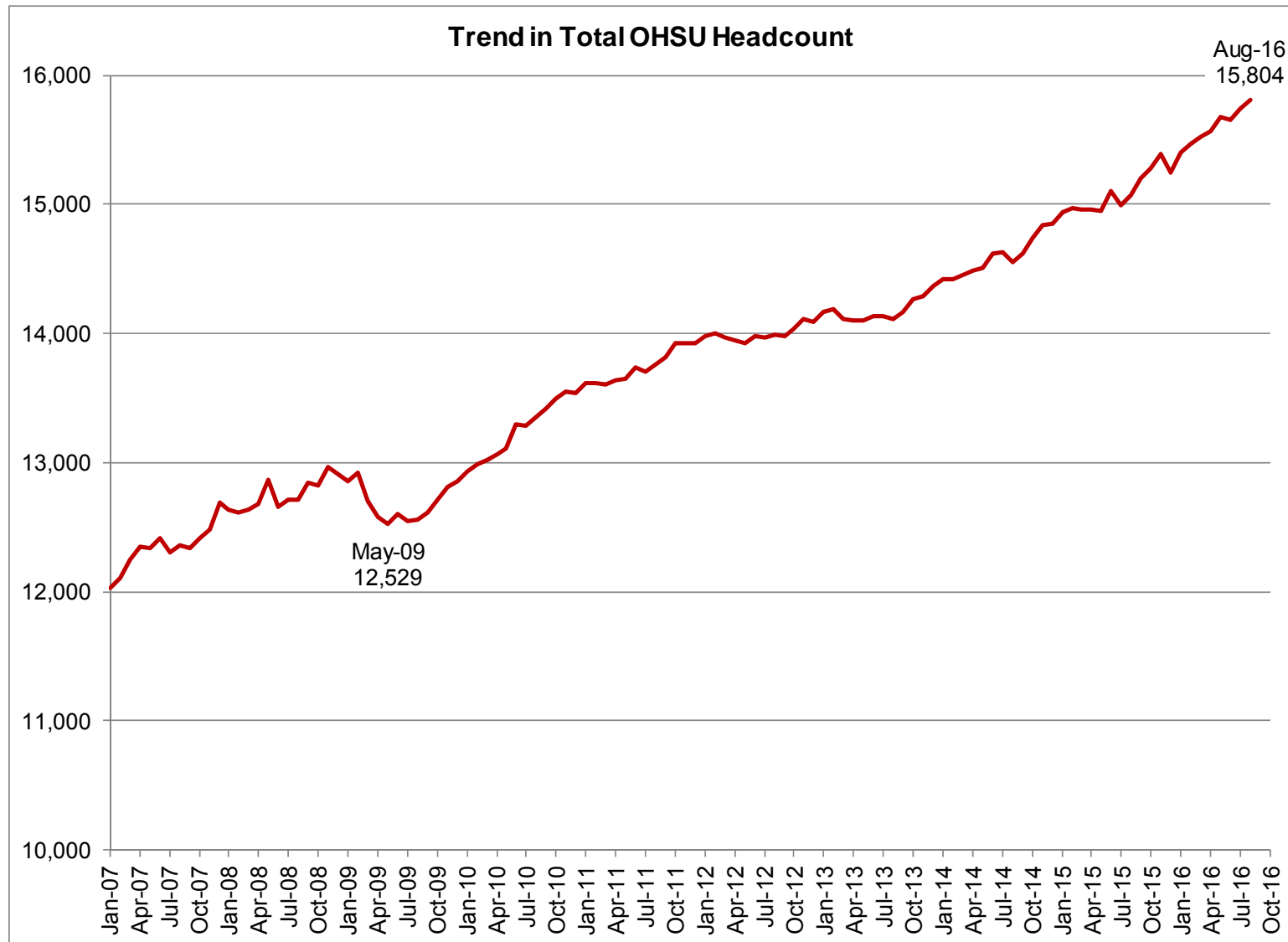
OHSU Expense Budget (\$2.7B)



Funding for Research & Education (\$700M)



OHSU Creates 3,275 Jobs Since Financial Crisis



FY17 August Financial Results

- Through the first 2 months of FY17, core OHSU operating income is \$15 million, \$(3) million below budget, but an significant improvement of \$6 million from July's results.
- Patient activity at OHSU Hospital recovered significantly from a slow start to the fiscal year, but average payment rates lag. This is not unusual during the first quarter.
- Across the integrated health system, August YTD revenues are \$(14) million off target, half of which is offset by lower costs. Tuality Healthcare's results improved significantly in August, approaching breakeven for the month with higher volume, including OHSU neurosurgery faculty.
- Shortfalls in clinical earnings were largely offset by improved performance in other university operations, including research.
- Cash balances dropped \$58 million in the first two months, as expected from seasonal timing of principal payments, capital accounts payable, and biweekly payroll falling on July 1st this year. Operating cash continues to trend +\$100 million above the same day last year.
- Consolidated net worth is up \$41 million, from operating earnings, the State's grant to the Knight Cancer Challenge research facilities, and strong investment results both at OHSU and the Foundations.

Core Earnings \$(3)M < Budget through 2 Months

August YTD (2 Months) (millions)	FY16 Actual	FY17 Budget	FY17 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	\$313	\$344	\$333	\$(10)	6%
Grants & contracts	56	64	65	1	17%
Gifts applied to operations	11	12	11	(1)	-4%
Tuition & fees	10	11	10	(0)	4%
State appropriations	6	6	6	(0)	0%
Other revenue	17	19	19	(0)	10%
Operating revenues	413	456	444	(12)	8%
Salaries & benefits	245	265	263	(2)	7%
Services & supplies	108	129	123	(6)	13%
Medicaid provider tax	14	15	14	(0)	-2%
Depreciation	22	23	24	1	10%
Interest	6	6	6	(0)	-4%
Operating expenses	396	438	430	(8)	9%
Core operating income	17	18	15	(3)	-15%
State grant to KCC	0	0	5	5	
KCVI gift applied to OR Heart	0	0	0	0	
Oper. income (pre-GASB 68)	\$17	\$18	\$19	\$1	12%

Patient Activity Recovers but Rates Lag Budget

OHSU Hospital Activity Aug YTD (2 months)	FY16 Actual	FY17 Budget	FY17 Actual	Actual / Budget	Actual / Last Year
Inpatient admissions	5,030	4,922	5,175	5%	3%
Average length of stay	5.83	5.90	5.78	-2%	-1%
Average daily census	462	460	471	2%	2%
Day/observation patients	6,072	6,321	6,275	-1%	3%
Emergency visits	8,284	7,909	8,090	2%	-2%
Ambulatory visits	135,317	144,632	144,332	0%	7%
Surgical cases	5,438	5,697	5,615	-1%	3%
Casemix index	1.98	2.06	2.01	-2%	2%
Outpatient share of activity	47.5%	48.3%	48.2%	0%	1%
CMI/OP adjusted admissions	18,983	19,609	20,085	2%	6%

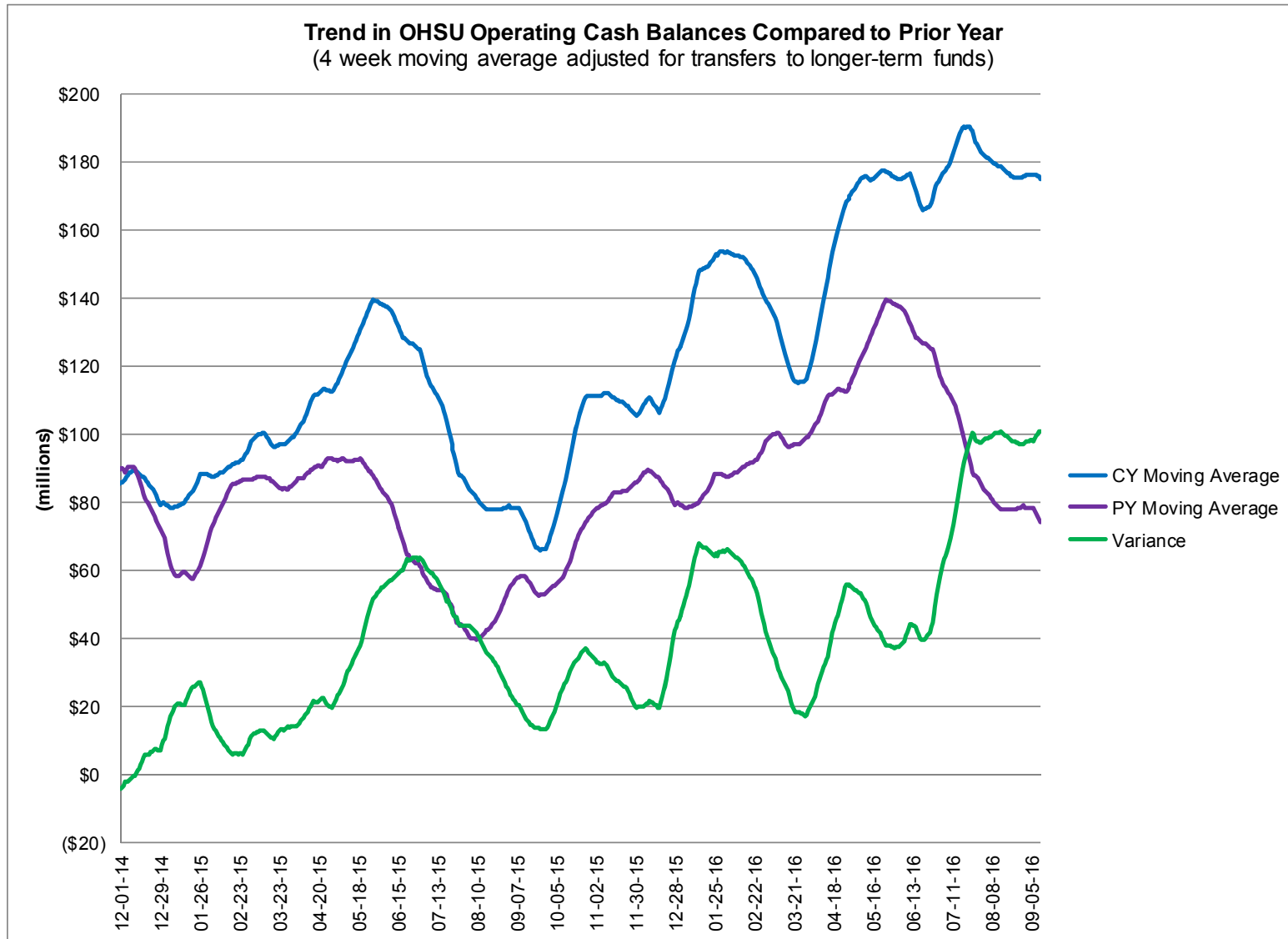
Operating Cash Follows Seasonal Pattern

Balance Sheet (millions)	6/30/16	8/31/16	Change
Operating cash & investments	\$794	\$733	\$(60)
Quasi-endowment funds	79	81	2
Moda surplus note, net	34	34	0
OHSU cash & investments	906	847	(58)
Trustee-held bond funds	21	22	1
KCC capital project fund	85	84	(1)
CHH-S/other capital funds	80	78	(2)
Total cash & investments	1,091	1,031	(60)
Net physical plant	1,606	1,605	(2)
Interest in Foundations	1,346	1,361	15
Long-term debt	(907)	(887)	21
GASB 68 pension items, net	(244)	(244)	0
Working capital & other, net	26	93	67
OHSU net worth	2,918	2,959	41
Oper. income (pre-GASB 68)			19
OHSU investment return			7
Gain (loss) from Foundations			15
Other non-operating items			0
Total change in net worth			\$41

Cash Flow (millions)	Aug YTD
Oper. income pre-GASB 68	\$19
Depreciation	24
OHSU investment return	7
CHH-S project funds applied	2
Sources of OHSU cash	53
Regular principal repaid	(21)
Capital spending	(23)
Change in capital A/P	(21)
Change in accrued payroll	(32)
Other working capital, net	(15)
Uses of OHSU cash	(111)
Sources less uses of cash	(58)
6/30/16 balance	906
8/31/16 balance	\$847



Cash Trending \$100M Over Same Date Last Year





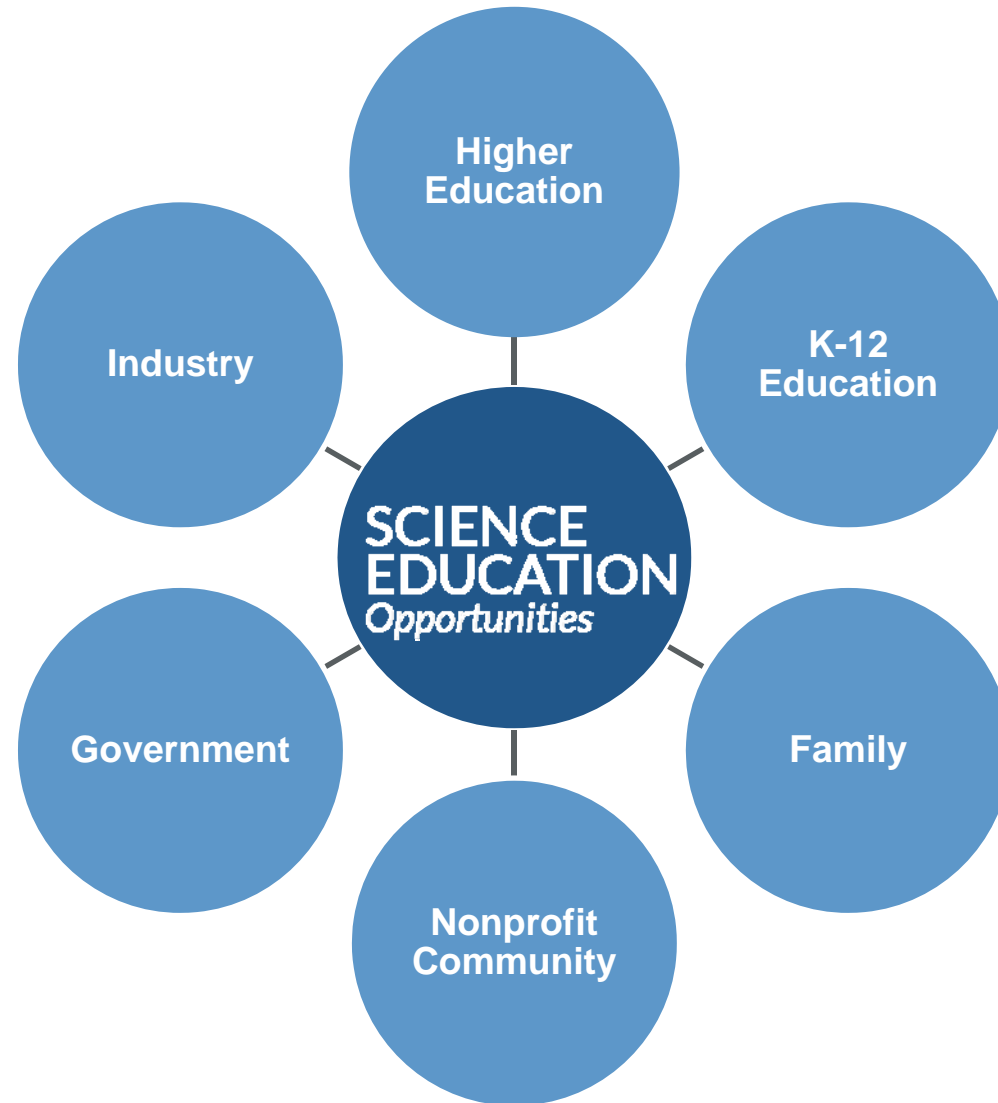
OHSU Supports Young Learners

“A strong pipeline of young, well-prepared students flowing into biomedical and science education is absolutely vital to meet the critical need for workforce development in health and science fields.”

-Joe Robertson, OHSU President, M.D., M.B.A.



Multi-Sector Partnerships



Convening Thought Leaders



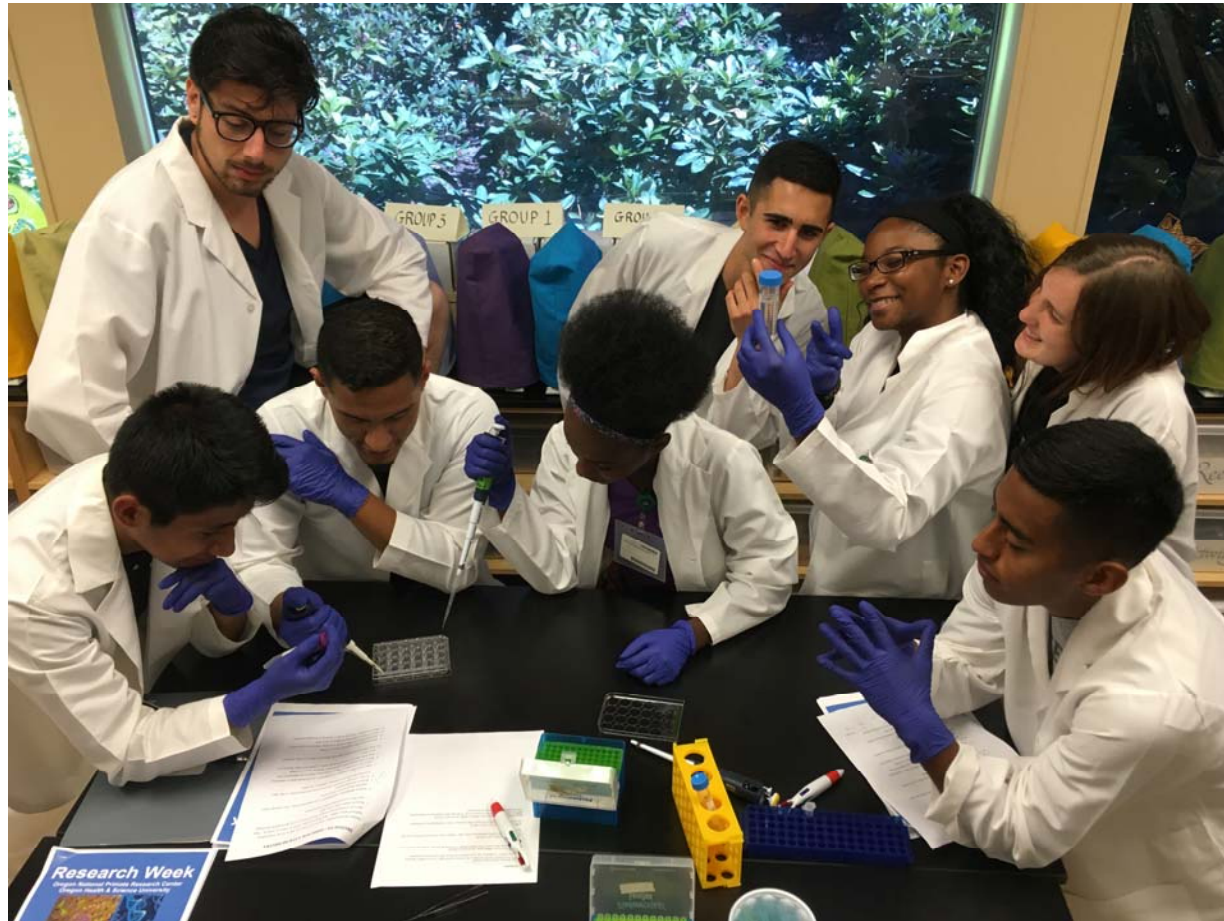
Associates of
Science,
Oregon transfer
degree

Authentic
out-of-school
learning

Rigorous
science
preparation

STEM advisor
training

Empowering students through *On Track OHSU!*

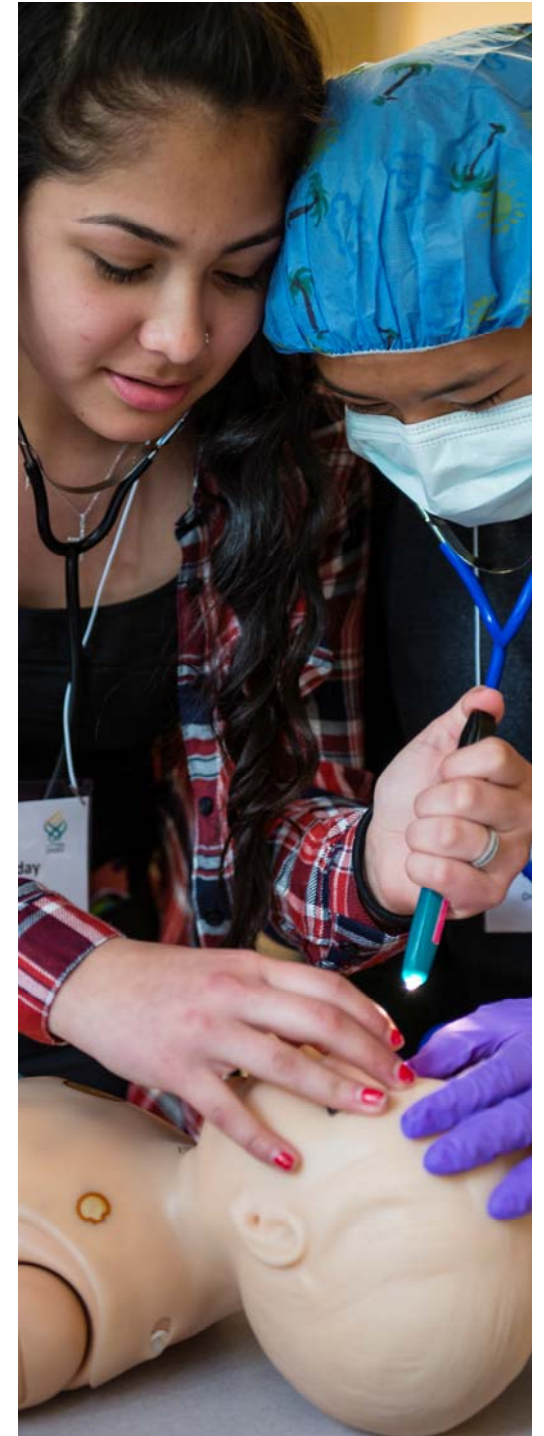


Conducting an immunocytochemistry experiment at OHSU's
Oregon National Primate Research Center

Funding Success

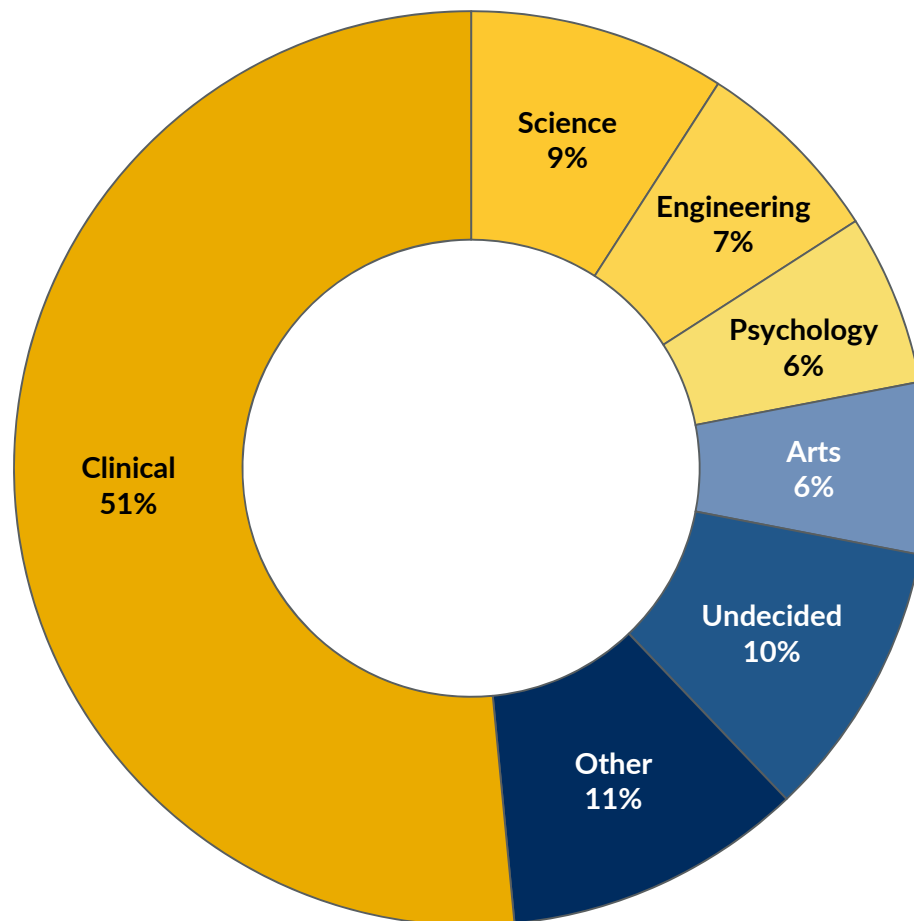
Since 2013, *On Track OHSU!* has received 5 grants totaling over \$550,000

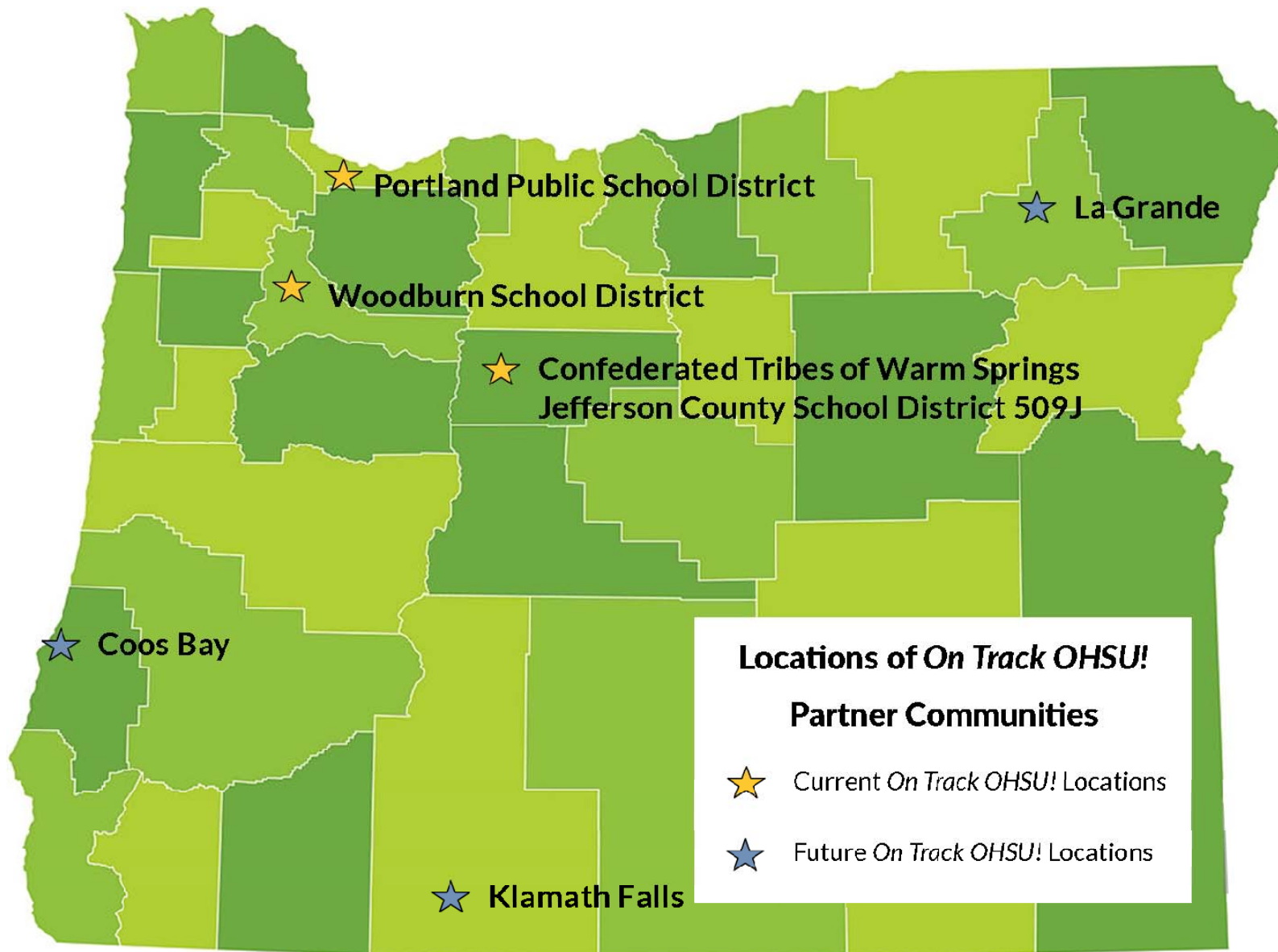
- Oregon Community Foundation
- Oregon Department of Education
- Oregon Higher Education Coordination Commission
- The Ford Family Foundation





On Track OHSU! High School Graduates Pursue STEM







OHSU Supports Young Learners

“A strong pipeline of young, well-prepared students flowing into biomedical and science education is absolutely vital to meet the critical need for workforce development in health and science fields.”

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Faculty Senate Report to the OHSU Board of Directors

September 29, 2016

Kristin Lutz, OHSU Faculty Senate President
Associate Professor School of Nursing

The mission of the OHSU Faculty Senate is to represent the faculty of OHSU by proposing, evaluating, and advising on actions and policies to create, maintain, and protect an academic environment conducive to the full and free development of scholarly learning, teaching, research, patient care, and community service.



Senate Purpose

The Faculty Senate discusses, plans, advises, and where appropriate takes action within its mission on any matter of general interest or concern to the Faculty or pertaining to OHSU, including, but not limited to:

- academic policies
- educational standards, curricula, new programs, regulations
- research
- faculty status
- strategic planning
- budget
- aspects of student life that relate to the university environment



Membership

- The 26 member Senate represents 2700+ OHSU faculty members
- Senators are uninstructed representatives elected by their School or Unit
- 36 months terms, may serve 2nd term

*The Senate is the place where all OHSU faculty
come together*



Senate Members 2016-2017

Affiliated Units

Joseph Needoba
Lucia Carbone
Mitchell Turker
Richard Goodman
Kristina DeShazo

School of Dentistry

Barry Taylor
Michael Danilchik
Rose McPharlin
Lisa Greene

School of Medicine

Derick Du Vivier
Jeffery Iliff
Beth Smith
Jonathan Pak
Karen Eden
Marian McDonagh
Jessica Flynn
Amy Garcia
Amy Kobus
Bonnie Nagel

School of Nursing

Amy Ross
Rana Najjar
Frances Lee-Lin
Karen Lyons
Kristin Lutz

School of Public Health

Byung Park

College of Pharmacy

Conroy Sun



Executive Committee

President: Kristin Lutz, PhD, RN

Past President: Bonnie Nagel, PhD

Secretary: Barry Taylor, DDS

Senators-at-large: Michael Danilchik, PhD; Derick Du Vivier, MD; Beth Smith, DO; Mitchell Turker, PhD

Ex Officio Member: Provost Jeannette Mladenovic



Senate Committees & Workgroups

- Educational Policy Committee
- Elections and Awards Committee
- Faculty Affairs Committee
- Web Oversight Workgroup
- Interinstitutional Faculty Senate

University Committees & Councils

- Academic Program Review Committee
- OHSU Assessment Council
- Committee on Academic Policy
- Diversity Advisory Council
- Information Security & Privacy Advisory Committee
- Policy Advisory Committee
- President's Council
- Research Oversight Committee
- Employee Benefits Council
- Retirement Plan Advisory Committee



Goals for 2015-2016

- Provide crucial faculty feedback to leadership
- Increase faculty participation in governance activities
- Implement Senate's participation with Board
- Continue advocacy efforts for all OHSU faculty



Provide crucial faculty feedback to leadership

- Informed President and Provost of faculty status and concerns
- Requested review by Provost's Office
 - Provost's Survey of Faculty with 76% response rate
 - Reorganization of AAEO office and Title IX
 - Planned faculty forums to disseminate survey findings and prioritize actions and work

Increase faculty participation in governance activities

- Participated in NWCCU accreditation site visit and leadership breakfast
- Approved Academic Program Review Committee recommendations on the 5 year review of 4 SOM programs
- Ratified Educational Policy Committee recommendation to extend courtesy approval to 7 joint OHSU-PSU SOPH programs from PSU



Increase faculty participation in governance activities

- Approved major modifications for 2 SON programs and minor modifications to 1 SON program and 1 SOM program
- Supported the Interinstitutional Faculty Senate resolution: *Addressing Violence in our Schools* in response to the tragic events which occurred last October at Umpqua Community College
- Began updating and revising Senate bylaws



Implement Senate participation with OHSU Board

- President Lutz presented first *State of the Faculty Address* to Board of Directors
- Implemented Executive Committee bi-annual meetings with Board of Directors (Board resolution 2015-04-03)
- Discussed AY2017 Budget with CFO Lawrence Furnstahl and Provost Jenny Mladenovic
- Presented Senate Budget Statement to Board of Directors
 - Recommendations: greater faculty participation in and transparency for budgetary decision-making, OCA analysis and decisions, and compensation equity for faculty



Continue advocacy efforts for all OHSU faculty

- Recommended against use of OHSU Core Competencies for faculty annual reviews
- Senate president and Faculty Affairs Committee chair met with different faculty and faculty groups to provide guidance and information regarding governance questions
- Senate provided input and feedback on *Faculty First Initiative* and Faculty Survey items
- Faculty Affairs retreat on *Faculty First* next steps
- Recommendations to the leadership and board on faculty equity, transparency, faculty and leadership development and accountability



Additional Activities

- Meetings and Presentations
 - Senate Distinguished Faculty Awards Celebration
 - President Lutz represented Senate at President's Council meetings
 - President Lutz represented Faculty at OHSU Leadership Luncheon
 - President Lutz presented the *Faculty Welcome* at OHSU convocation ceremony
 - Increased frequency of communication via *Faculty News*
- Work begun on Senate internal website
- President Lutz interviewed by *The Lund Report* and *Portland Business Journal* regarding Senate Statement on OHSU AY 2017 Budget



Senate Priorities for AY2017

- Increase Faculty Participation in Governance
 - Revise Senate Bylaws
 - Develop resolution for Senate support and resources
 - Expand faculty involvement in OHSU budgeting process
 - Hold elections for Faculty Affairs Committee and Senate
- Support Academic Affairs
 - Review new program proposals, 5 year program reviews and program modifications

Senate Priorities for AY2017

- Advocate for Faculty
 - Collaborate with leadership to implement Senate recommendations
 - Prioritize and address issues identified in Provost's Faculty Survey
- Enhance Senate communication with faculty
 - Faculty Awards celebration
 - Regular updates
- Continue to strengthen relationship with OHSU Board







**RESOLUTION 2016-09-09
OREGON HEALTH & SCIENCE UNIVERSITY
BOARD OF DIRECTORS**

WHEREAS, with the departure from the OHSU Board of Directors of its Chair Jay Waldron, the Board wishes to appoint Maria Pope to serve as Chair of the Board; and

WHEREAS, the Board further wishes to appoint a Vice Chair of the Board;

NOW THEREFORE BE IT RESOLVED:

Maria Pope is hereby appointed to serve as Chair of the OHSU Board of Directors, to serve at the pleasure of the Board; and

David Yaden is hereby appointed to serve as the Vice Chair of the OHSU Board of Directors, to serve at the pleasure of the Board.

This Resolution is adopted this 29th day of September, 2016

Yeas _____

Nays _____

Signed by the Secretary of the Board on September 29, 2016.

Connie Seeley
Board Secretary



**RESOLUTION 2016-09-10
OREGON HEALTH & SCIENCE UNIVERSITY
BOARD OF DIRECTORS**

WHEREAS, Jay Waldron has served as a member of the Board of Directors of Oregon Health & Science University since October 1, 2007 and has led the institution as Chair of the OHSU Board of Directors since October 24, 2013.

WHEREAS, in addition to and as a part of his membership and leadership on the OHSU Board, Mr. Waldron served as a member of the Human Resources Committee of the Board of Directors, as a member of the Finance & Audit Committee of the Board of Directors, as a member of the External Affairs Work Group of the Board of Directors, and as one of the Board representatives on the University Health System Board.

WHEREAS, throughout his Board service and in each of these many venues, Mr. Waldron has brought his strong intellect, his inclusive and thoughtful approach to decision making, his sound critical thinking, his good humor and his strong leadership skills.

WHEREAS, the Board wishes to recognize the major contributions of Mr. Waldron, his service on the OHSU Board, his leadership as Chair of the OHSU Board, and as a member on each of the Committees of the OHSU Board of Directors and the University Health System Board.

NOW THEREFORE, BE IT RESOLVED, that Oregon Health & Science University expresses its deep and heartfelt appreciation for the significant contributions of Jay Waldron throughout his service on the OHSU Board of Directors, for the energy, the vision and the critical and creative thinking that he has brought to the strategic discussions of the University, and for his strong leadership in advancing OHSU's missions of teaching, healing, discovery and outreach.

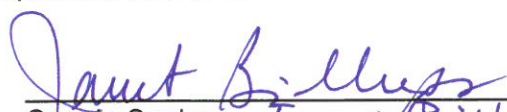
This Resolution is adopted this 29th day of September, 2016.

Yeas 7

Nays 0

Signed by the Secretary of the Board on September 29, 2016.

→ Assistant



Connie Seeley Janet Billups
Board Secretary
→ Assistant