

**Meeting of the  
University of Medicine and Dentistry of New Jersey  
Board of Trustees  
PUBLIC SESSION  
March 18, 2008**

Board Room  
Stanley S. Building  
65 Bergen Street  
Newark, New Jersey

**Present-UMDNJ Board of Trustees:** Robert Del Tufo, Esq.; Kevin Barry, M.D.; James Broach, Ph.D.; Mary Ann Christopher, RN, MSN, FAAN; Kevin Covert, Esq.; Michael Critchley, Esq.; Mary Sue Henifin, J.D., M.P.H; Bradford Hildebrandt; John Hoffman, Esq.; Milton Hollar-Gregory, Esq.; Robert J. Maro, M.D.; Jonathan Orenstein, D.M.D; Oliver Quinn, Esq; Harold Shapiro, Ph.D.; Anita Spivey, Esq.

**Present:** William F. Owen, M.D.

**Excused:** Heather Howard, J.D. and Eric Pennington, Esq.

**Minutes**

Mr. Del Tufo read from the Open Public Meetings Act:

“The notice requirements provided for in the Open Public Meetings Law have been satisfied. Notice of this meeting was properly given in the Annual Notice which was transmitted to the Secretary of State. Notice of this meeting was also sent to various newspapers in the State and posted throughout the University.”

**Approval of Minutes**

- The Board approved the Public Session minutes of its February 19, 2008 meeting.

**Chair's Report, provided by Mr. Del Tufo**

Mr. Del Tufo stated that members of the Investigations Sub-Committee had the opportunity to meet with Mr. Rowan regarding the status of pending investigations. Mr.

Del Tufo added that the status of the investigations is positive and that Mr. Rowan will provide a report to the Board in the near future.

Mr. Del Tufo informed members that both he and Dr. Owen have met with representatives of Korn/Ferry International and have provided detailed information for the firm to move forward with the search for the Chief Ethics and Compliance Officer.

President's Report, provided by Dr. Owen

Dr. Owen reported the following to the Board:

Middle States Commission on High Education

- The Middle States Commission on Higher Education's met on March 13<sup>th</sup> to discuss the four areas of concern that were initially cited in regard to the University's accreditation.
- It was determined by Middle States representatives that the University had addressed the Commission's concerns in the areas of finance, quality of leadership, demonstration of the oversight of controls, and sustained organizational integrity and should be removed from probationary status to full accreditation status.
- The University will be responsible for providing a status report to Middle States in October 2009, and will be subject to a regular periodic review in 2012.
- The University is planning to publically announce this accomplishment.

Both Dr. Owen and Mr. Del Tufo thanked the Trustees, management, and the organization for their hard work and dedication during the process of achieving accreditation.

Ethics and Compliance

- A meeting with Korn/Ferry was initiated to discuss the core competencies of the candidate for the position of Chief Ethics and Compliance Officer. Representatives from Korn/ Ferry are optimistic about receiving an attractive applicant pool for this position.
- Trustees have also had an opportunity to provide an opinion on the nature of the reporting structure.
- Successes in the area of Ethics and Compliance were noted, specifically in the University's creation of a whistleblower policy and in fostering an environment of zero tolerance. Additional processes are being put in place to increase the integrity of the organization.

- US Attorney Christie and Judge Stern have transferred a number of ongoing investigations to management. Mr. Rowan has been aggressively identifying talent to move the investigations process forward. Mr. Walter Timpone of McElroy, Deutsch, Mulvaney & Carpenter, LLP who has assisted the University in the past, will be providing support to the investigative team.

Recovery Plan for UH:

- UH currently has a \$46 million deficit which largely stems from uncompensated service to charity care patients, incomplete GME payments, and an overall decrease in patients. It was reiterated that UH is the largest provider of charity care services and that thirty percent of UH patients are from outside of Essex County.
- According to data provided by O'Conco, UH has historically been undercompensated in charity care funding as much as \$30 million each year. Additionally, a similar case presents itself with the University being one of largest providers of GME in the State, but again grossly undercompensated.
- On the revenue side, UH is adversely affected by the hospitals provision of services that it does not receive the proper compensation for, such as pediatric and obstetrical specialties.
- Another area of concern is the assimilation of uninsured patients who seek services from UH after the closure of hospitals in the community. Dr. Owen referenced several examples of hospital closures in which UH received an influx of patients, but no increased funds in charity care dollars.

Mr. Quinn posed the question of whether patients are intentionally directed to UH after a hospital closes. Ms. Miller-Armbrister responded that data is available on patient numbers, but not the modes of referral. Ms. Christopher suggested that Trustees receive data on the influx of patients that seek services from UH after a hospital in the area closes.

Dr. Owen stated that there are a number of interventions in progress and noted that under the leadership of Commissioner Howard a major restructuring of charity care funding is underway. Dr. Owen stated the new strategy would include a stratified tier system that would place UH in a more favorable position to receive the appropriate levels of funding for charity care patients served. Dr. Owen publically thanked Commissioner Howard and the Governor for addressing the current funding distribution process.

Dr. Broach posed the question of whether the University has an advocacy group that that will be involved in the decisions surrounding UH on both the charity care and GME funding issues. Dr. Owen responded that the senior management team is advocating for the University heavily in all arenas available to them and more substantially, the data supports the University's case.