

3. U. T. Medical Branch – Galveston: Update and possible action on issues related to strategic direction for the clinical enterprise

RESOLUTION

Whereas, the Board of Regents of The University of Texas System is unequivocally committed to a strong and vibrant future for UTMB;

Whereas, the Task Force established by the U. T. System Board of Regents to hear public comments on clinical operations at UTMB was deeply impressed by the broad-based and profound commitment of the UTMB community and its local and state elected leadership to the future of UTMB;

Whereas, the Board of Regents of the U. T. System recognizes and deeply appreciates the remarkable philanthropic support provided to UTMB, which will continue to be essential to its future success;

Whereas, UTMB has not benefitted from federal funds generated from disproportionate share hospital and upper payment limit programs in the past;

Whereas, state support over the past several biennia has been inadequate to sustain the financial integrity of UTMB in the face of healthcare inflation and the rapidly increasing volume and cost of providing unsponsored care;

Whereas, the Board of Regents of the U. T. System recognizes the extraordinary efforts of Dr. Callender and his staff to implement and maintain cost control measures in an effort to preserve UTMB's long-term future;

Whereas, the Board of Regents of the U. T. System must assure that plans for future clinical operations of UTMB indicate that sufficient capital, operating revenues, and reserves will be available to maintain the ongoing financial viability of the institution;

Whereas, a long-term comprehensive clinical plan is required to assure an adequate patient population to support the educational and research missions of UTMB; and

Whereas, working with the U. T. System administration, Dr. Callender and his staff have considered a range of alternative structural and physical configurations for UTMB.

Therefore, Be It Resolved That:

- (1) The U. T. System will continue to work diligently with leadership at UTMB and with local, state, and federal officials to develop a financially viable healthcare delivery system for UTMB based on a robust and complete business plan, including continued cost containment and personnel management measures.

(2) The Board of Regents of the U. T. System supports President Callender's recommendation to proceed with renovations and mitigation of the John Sealy Hospital to provide approximately 220 inpatient beds and a trauma center, and instructs U. T. System to work with UTMB management to plan for such renovations and mitigation, contingent on:

(a) restoration of the unfunded business interruption losses of UTMB resulting from Hurricane Ike, the availability and commitment of adequate funding from FEMA reimbursement, the Sealy & Smith Foundation, the state match for FEMA funds, and additional state capital support; and

(b) the availability and commitment of an adequate, well-defined and reliable revenue stream to support the ongoing operations of the John Sealy Hospital, which may include a combination of general revenue, disproportionate share hospital, upper payment limit, indigent care, and/or formula funding, and the resolution of any legal impediments to the commitment of funds and resources.

(3) President Callender, in collaboration with the U. T. System and in furtherance of UTMB's long-term viability, will develop a business plan for a new hospital tower with a modern emergency room, supporting facilities, and approximately 220 inpatient beds, contingent on:

(a) the availability and commitment of adequate funding from the state and the Sealy & Smith Foundation to support capital requirements for construction of the hospital tower;

(b) the availability and commitment of an adequate, well-defined and reliable revenue stream to support the ongoing operations of the hospital tower, which may include a combination of general revenue, disproportionate share hospital, upper payment limit, indigent care, and/or formula funding, and the resolution of any legal impediments to the commitment of funds and resources;

(c) the availability and commitment of adequate funding from a local hospital district and/or other local sources; and

(d) adequate debt capacity for UTMB to access supportable funding from U. T. System revenue financing system debt.

(4) President Callender, in collaboration with the U. T. System, should continue to apply available and eligible FEMA dollars, along with additional state capital support, to the restoration of the remaining storm-damaged structures at UTMB.