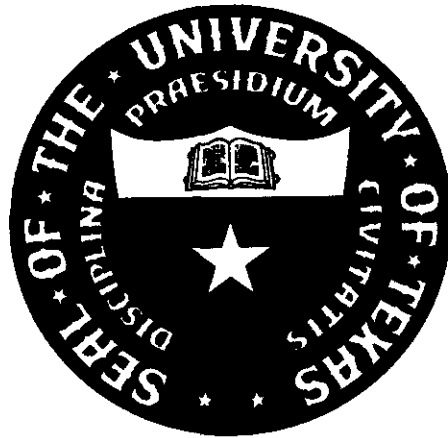


**THE UNIVERSITY OF TEXAS SYSTEM**

**BOARD OF REGENTS**

**HEALTH AFFAIRS COMMITTEE MEETING**



**July 2, 2002**



**HEALTH AFFAIRS COMMITTEE  
THE UNIVERSITY OF TEXAS SYSTEM  
BOARD OF REGENTS  
AGENDA**

July 2, 2002  
8:00 a.m. – 10:30 a.m.  
Board Room, 9<sup>th</sup> Floor, Ashbel Smith Hall  
Austin, Texas

- |           |   |   |
|-----------|---|---|
| 8:00 a.m. | 1. <b>Welcome and Opening Remarks</b>   | <i>Chair Patrick Oxford</i>   |
| 8:05 a.m. | 2. <b>Contracts with consultants regarding compliance with the Security and Privacy Provisions of the Health Insurance Portability and Accountability Act (HIPAA) and SB11</b>  | <i>Ms. Amy Shaw Thomas<br/>Ms. Florence Mayne<br/>Mr. Bob Presley</i>             |
| 8:15 a.m. | 3. <b>Update on Telemedicine</b><br>a. Collaboration with Mexico and Mexican Medical Schools in Telemedicine<br>b. U. T. System-wide plan to deliver health service to the underserved via telemedicine and telemedicine in Homeland Defense. | <i>Dr. Guckian<br/>Dr. John Stobo<br/><br/>Dr. Ben Raimer<br/>Mr. Larry Jones</i> |
| 8:45 a.m. | 4. <b>Proposed Cessation of Operation of Texas Universities Health Plan (Health Maintenance Organization)[Action Item] (Tab 4)</b>  | <i>Dr. Guckian<br/>Mr. Tom Wise<br/>Ms. Patsy Nichols</i>                         |
| 8:50 a.m. | 5. <b>Update on planning for and funding of repair, renovation, and remediation of storm damage to U. T. Health Science Center – Houston</b>  | <i>Dr. James Willerson<br/>Mr. Sid Sanders</i>                                    |
| 9:00 a.m. | 6. <b>Request to increase project cost of Mental Sciences Institute-Replacement Facility, Phase I: U. T. Health Science Center – Houston (Tab 6)</b>  | <i>Dr. Willerson<br/>Mr. Sanders</i>  |
| 9:05 a.m. | 7. <b>Request to transfer PUF resources allocated for Medical School Building/Limestone Cladding Repairs to Indoor Air Quality at the Medical School Building project: U. T. Health Science Center – Houston (Tab 7)</b>                      | <i>Dr. Willerson<br/>Mr. Sanders</i>  |
| 9:10 a.m. | 8. <b>Purchase of building and adjacent land: U. T. Southwestern Medical Center – Dallas (Tab 8)</b>  | <i>Dr. Kern Wildenthal<br/>Mr. Jim Wilson</i>                                     |
| 9:15 a.m. | 9. <b>Request to combine Student Housing Phase 1 project with Student Housing Phase 2 project: U. T. Southwestern Medical Center – Dallas (Tab 9)</b>   | <i>Dr. Wildenthal<br/>Mr. Sanders</i>   |

- 9:20 a.m. 10. **Request to approve plans for HMB Replacement Facility in FY2002-2007 Capital Improvement Program and FY2002 Capital Budget: U. T. M. D. Anderson Cancer Center (Tab 10)** *Dr. John Mendelsohn  
Mr. Sanders*
- 9:25 a.m. 11. **Request to approve plans for Biomedical Research Wing Addition project in FY2002-2007 Capital Improvement Program: U. T. Health Center – Tyler (Tab 11)** *Dr. Ronald Garvey  
Mr. Sanders*
- 9:30 a.m. 12. **Request for authority to enter into food services contract: U. T. Health Center – Tyler (Tab 12)** *Dr. Garvey*
- 9:35 a.m. 13. **Naming of Divisions of the Regional Academic Health Center [Action Item] (Tab 13)** *Dr. Francisco Cigarroa  
Dr. Willerson*
- 9:40 a.m. 14. **Medical Liability Benefit Plan Premiums [Action Item] (Tab 14)** *Mr. Cullen Godfrey*
- 9:50 a.m. 15. **Executive Session: Consultation with Attorney Regarding Pending and/or Contemplated Litigation or Settlement Offers – Texas Government Code Section 551.071**  
U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Case *Mr. Godfrey  
Dr. Stobo  
Dr. Guckian*
- 10:00 a.m. 16. **Joint meeting with Academic Affairs Committee Report on Senate Bill 1840 Project to Conduct a Feasibility Study of the Operation of The University of Texas at San Antonio and The University of Texas Health Science Center-San Antonio as a Single Research University and Related Discussion (Tab 16)** *Dr. Carol Aschenbrener*
- 10:30 a.m. 17. **Adjourn** *Chair Oxford*

June 13, 2002

## Texas Universities Health Plan, Inc. (TUHP)

A brief history of TUHP and its proposal to sell some of its assets (HMO membership) and to cease operations appear below. The Board of Directors of TUHP proposes to execute an Asset Sale and Purchase Agreement, close the transaction on or before August 31, 2002, and obtain approval of the Texas Department of Health and Human Services to assign its contract for the State Children's Health Insurance Plan (SCHIP) on or before August 31, 2002.

Patsy Nichols of Fulbright and Jaworski has provided legal counsel to TUHP.

TUHP presently plans to become inactive and cease business operations but retain its assets and HMO certificate. This proposed transaction is submitted to the Health Affairs Committee on July 2, 2002, for approval.

### History

1. On August 8, 1996 the Executive Committee of the U.T. Board of Regents approved establishment of TUHP, Inc., a Texas nonprofit corporation, and authorized TUHP to apply for and hold the license for a Health Maintenance Organization (HMO) owned jointly by U.T. System and Texas Tech in accordance with the Bylaws developed by the Office of General Counsel. Additionally, the Board of Regents authorized transfer of funds not to exceed \$8 million from the Physician Practice Plans at each U.T. health component to TUHP. Approval of transfer of funds included the provision that upon dissolution of TUHP all remaining operational funds and reserves will be remitted back to the respective U.T. System health component practice plan as directed by the Office of Health Affairs.

The sole corporate member of TUHP is the U.T. System, and the duties of the member were delegated to the Executive Vice Chancellor for Health Affairs.

Operationally, reserves from the U.T. System Medical Professional Liability Plan were refunded to the practice plan of each health component on July 15, 1997, and that amount totaling \$3,060,418 in aggregate was transferred to TUHP. An additional \$850,000 in U.T. institutional funds (\$150,000 from five components and \$100,000 from U.T.H.C.-Tyler) was used to establish TUHP. The total contributed by U.T. System was \$3,910,418 and by Texas Tech was \$1,884,362.

Initial capitalization totaled \$5,794,780, which was allocated as follows:

U.T.S.M.C.	\$ 432,664
U.T.M.B.	2,161,259
U.T.H.S.C.-H.	555,535
U.T.H.S.C.- S.A.	387,137
U.T.M.D.A.C.C.	192,869
U.T.H.C.-T.	180,954
Texas Tech HSC	1,884,362

2. The Board of Directors of TUHP are:

Dr. James C. Guckian, Chairman, U.T. System  
Ms. Dana M. Malone, U.T. System  
Mr. R. Carlton Presley, U.T. System  
Mr. Hugh Wilfong II, U.T.M.D.A.C.C.  
Dr. Stuart Rosenberg, U.T.S.M.C.  
Mr. E. J. Pederson, U.T.M.B.  
Mr. Paul P. Cooper, III, University Care Plus (U.T.H.S.C.-H.)  
Mr. Robert Payne, University Physicians Group (U.T.H.S.C.-S.A.)  
Mr. Rick Hefner, U.T.H.C.-T.  
Dr. David R. Smith, Texas Tech University Health Sciences Center  
Mr. Elmo Cavin, Texas Tech University Health Sciences Center  
Mr. Jim Laible, Texas Tech University Health Sciences Center

3. An additional capital contribution of \$1,500,000 was required in 2000. Again, reserve funds from the U.T. System Medical Professional Liability Plan were refunded to the Faculty Physician Practice Plans and the funds were transferred to TUHP. The total amount transferred to TUHP from the practice plans to date is \$5,410,418 (\$8 million was approved by the Regents in 1996).

No institutional funds were used in this capital contribution. Texas Tech was not required to make an additional contribution because of its large initial contribution and the small number of members in its part of the HMO.

4. The TUHP Board of Directors voted on June 27, 2001 to seek a buyer for the corporation, HMO certificate, or members in the HMO. The Directors also voted to cease operations by August 31, 2002.
5. On May 22, 2002, the Directors of TUHP reviewed and approved terms for assignment of the contract for the only remaining members of TUHP, State Children's Health Insurance Plan, to Superior Health Plan, Inc. in return for \$500,000. The assignment of the contract is scheduled to be completed by August 31, 2002.

# TEXAS UNIVERSITIES HEALTH PLAN, INC.

## Balance Sheet

as of March 31, 2002

### ASSETS

#### Current Assets

Cash	\$	2,082,044	
Restricted Cash		250,000	
Prepaid Expense		49,647	
Other Receivables		45,124	
Premium Receivables		5,368,118	
<i>Total Current Assets</i>			\$ 7,794,934

#### Fixed Assets

\$ 91,090

### *TOTAL ASSETS*

\$ 7,886,024

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts Payable	\$	52,647	
Other Accrued Expenses		11,385	
Admin Fee Payable		32,683	
Medical (Capitation) Payable		4,922,829	
<i>Total Current Liabilities</i>			\$ 5,019,543

#### Net Assets

\$ 2,866,481

### *TOTAL LIABILITIES AND NET ASSETS*

\$ 7,886,024



**THE UNIVERSITY of TEXAS**  
HEALTH SCIENCE CENTER AT HOUSTON

**James T. Willerson, MD**  
*Edward Randall III Chair in Internal Medicine*  
*Alkek-Williams Distinguished Professor*

OFFICE of the PRESIDENT 713 500 3010  
7000 Fannin Street, 17th Floor 713 500 3059 fax  
Houston, Texas 77030  
James.T.Willerson@uth.tmc.edu

June 7, 2002

James C. Guckian, M.D.  
Acting Executive Vice Chancellor for Health Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701

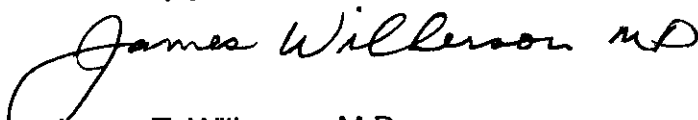
Dear Dr. Guckian:

I am writing to request that an item be placed on the agenda of the August 7-8, 2002 meeting of the Board of Regents to amend the Capital Improvement Program by increasing the Total Project Cost of the Mental Sciences Institute-Replacement Facility, Phase I from \$16.5 million to \$22.5 million. The source of funds for the \$6 million additional will be Harris County Psychiatric Center.

Through programming of this facility, it has become clear that a facility to replace essential functions presently located in the existing Mental Sciences Institute cannot be replaced for an amount less than \$22.5 million. By the terms of our Memorandum of Understanding with M. D. Anderson, we must vacate the existing facility by October of 2004.

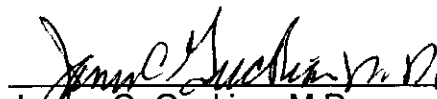
It is critical that we amend the CIP in order to meet deadlines and to provide the minimal replacement space required for the activities of the Mental Sciences Institute.

Sincerely yours,

  
James T. Willerson, M.D.

cc: Mr. John Porretto

Approved by:

  
James C. Guckian, M.D.

Date: 6-14-02

G:Word/MSI amend CIP-Revised - August Agenda



**THE UNIVERSITY of TEXAS**  
HEALTH SCIENCE CENTER AT HOUSTON

OFFICE of the PRESIDENT

**James T. Willerson, MD**  
*Edward Randall III Professor of Internal Medicine*

7000 Fannin Street, 17th Floor 713 500 3010  
Houston, Texas 77030 713 500 3059 fax  
James.T.Willerson@uth.tmc.edu

June 7, 2002

**HEALTH AFFAIRS OFFICE**  
**U. T. SYSTEM**  
HAD # \_\_\_\_\_

JUN 13 2002

James C. Guckian, M.D.  
Acting Executive Vice Chancellor for Health Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701

Dear Dr. Guckian:

I am writing to request that an item be placed on the agenda of the August 7-8, 2002 meeting of the Board of Regents to transfer \$704,541 in PUF resources appropriated in 1997 for the project titled, "Medical School Building/Limestone Cladding Repairs" to the project titled, "Indoor Air Quality at the Medical School Building."

The cladding project was completed at a considerably lower cost than the initial appropriation of \$10 million. Transfers of \$2.6 million have previously been approved. The requested action would move all remaining monies not required for completion of the cladding project to the Indoor Air Quality project.

Approval of this request will assist us in our multi-year effort to correct the serious indoor air quality situation in the Medical School Building.

Sincerely yours,

*Jim Willerson, M.D.*  
James T. Willerson, M.D.

cc: Mr. John Porretto

Approved by: *James C. Guckian, M.D.*  
James C. Guckian, M.D.  
6/14/02

Date: \_\_\_\_\_



THE UNIVERSITY OF TEXAS  
SOUTHWESTERN MEDICAL CENTER  
AT DALLAS

HEALTH AFFAIRS OFFICE  
UT SWMC  
HAD # \_\_\_\_\_

MAY 20 2002

Kern Wildenthal, M.D., Ph.D.  
President

May 17, 2002

Dr. James Guckian  
Acting Executive Vice Chancellor for Health Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701

RE: Item for Board of Regents' Agenda  
Committee Meetings, July 1-2, 2002

Dear Dr. Guckian:

UT Southwestern requests the Board of Regents approve at its July 1-2, 2002 committee meetings, the purchase of a building and land located at 6161 Harry Hines Blvd, Dallas, Texas.


The subject property is comprised of a medical office/hospital building with approximately 102,000 square feet of gross building area and 118,800 square feet of land. The building is divided into approximately 35,000 square feet of medical offices and 50,000 square feet dedicated to a 64 bed hospital wing. The remaining area is common area and an atrium. The property is contiguous to UT Southwestern-owned property on both sides of the building and land. The proposed purchase price for the property is \$11,445,000, plus applicable fees and closing costs. There is the possibility the university will be responsible for a mortgage pre-payment penalty estimated to be \$400,000. The source of acquisition funding will be local cash balances.


The purchase of the St. Paul Medical Center campus in December, 2000, and subsequent revisions of the campus master plan incorporating St. Paul, has escalated the importance of acquiring the property at this time. The property is within the acquisition area established by the Texas State Legislature during the 60<sup>th</sup> Legislature - Regular Session. House Bill 287, Chapter 73 authorizes the Board of Regents of The University of Texas System to acquire by purchase, exchange, gift or otherwise certain properties to be used for campus expansion and University purposes in The University of Texas System.

We are working with the UT System Real Estate Office and Office of General Counsel on this acquisition and will provide required documentation which includes appraisals, a Phase I environmental report, commitment for title insurance, etc. John Roan's office can provide additional information at your request.

I recommend your approval and support of this letter and forwarding to the Board of Regents and appropriate University of Texas System officers and offices to be placed on the agenda for the committee meetings on July 1-2, 2002.

Sincerely yours,

  
Kern Wildenthal, M.D., Ph.D.  
KW: sy

Approved:  5/20/02  
James C. Guckian, M.D.  
Acting Executive Vice Chancellor for Health Affairs

U.T. Southwestern Medical Center - Dallas: Request for Authorization to Purchase Property Located at 6161 Harry Hines Boulevard, Dallas, Texas, Dallas County, Texas; and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Wildenthal that authorization be granted by the U. T. Board of Regents, on behalf of U. T. Southwestern Medical Center – Dallas, to purchase the real property located at 6161 Harry Hines Boulevard, Dallas, Dallas County, Texas, from Harry Hines Medical Center, Ltd., for \$11,445,000.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments and other agreements and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property is comprised of 161,192 square feet of land and approximately 103,395 square feet of improvements located adjacent to The U. T. Southwestern Medical Center – Dallas campus. The improvements include hospital, medical office and related support facilities. The acquisition is in an area targeted for expansion of the campus in Southwestern's master plan. The property is currently leased and will net in excess of \$900,000 per year for Southwestern until the lease is terminated. Upon termination of the lease, the facility will be used by Southwestern for office and clinical purposes.

The leased fee value of the property has been estimated by two independent appraisers to be \$11,500,000. The appraisals indicate that the land is worth approximately \$970,000 and the estimated cost to replace the existing improvements is between \$14,985,000 and \$16,950,000. In addition to the purchase price, Southwestern may be required to pay a prepayment penalty of approximately \$400,000 if it pays off the existing mortgage on the property instead of assuming that obligation.

Action on this item is being requested at this time because one of the conditions for the sale is that the closing must occur not later than August 1, 2002. Approval by the Texas Higher Education Coordinating Board is not required because acquisition of the property was authorized by the Texas Legislature during its 60<sup>th</sup> Regular Session in 1967. The source of funding for the purchase will be from the recovery of indirect costs from grants and interest earned on time deposits.

THE UNIVERSITY OF TEXAS  
SOUTHWESTERN MEDICAL CENTER  
AT DALLAS

Kern Wildenthal, M.D., Ph.D.  
President

June 12, 2002

Dr. James C. Guckian  
Acting Vice Chancellor for Health Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701

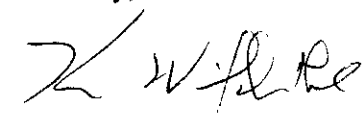
Dear Dr. Guckian:

This letter is to request that an item be placed on the agenda for the August 2002 Board of Regents meeting, to combine the Student Housing Phase 1 project with the Phase 2 project. The Board approved the Student Housing Phase 1 project in August 2000 in the amount of \$10,500,000 along with the appropriation of funding and authorization to spend funds.

The second phase of student housing, titled The Southwestern Medical Park Apartments, is included in the Board approved FY 2002-2007 Capital Improvement Program with a total project cost of \$8,750,000, with funding from Revenue Financing System Bond Proceeds. The purpose of this agenda item is to combine the two projects and approve the revised total project cost of \$19,250,000.

Your assistance in this matter is greatly appreciated.


Sincerely,



Kern Wildenthal, M.D., Ph.D.

xc: Mr. John Roan  
Dr. John McConnell  
Mr. Kirby Vahle  
Mr. Jeff Kauffmann

**APPROVED:**

  
James C. Guckian, M.D.  
Acting Executive Vice Chancellor 6/14/02  
for Health Affairs

THE UNIVERSITY OF TEXAS  
MD ANDERSON  
CANCER CENTER

Office of the President

June 7, 2002

HEALTH AFFAIRS OFFICE  
U.T. SYSTEM

HAD # \_\_\_\_\_

JUN 11 2002

James Guckian, M.D.  
Executive Vice Chancellor for Health Affairs  
The University of Texas System  
601 Colorado Street, OHH Room 214  
Austin, TX 78701-2982

Dear Dr. Guckian:

The campus master plan for The University of Texas M. D. Anderson Cancer Center envisions development of the Houston Main Building site for ambulatory care expansion, faculty offices, and future growth of inpatient services. M. D. Anderson Cancer Center included the HMB Replacement Facility in the FY 2002-2007 Capital Improvement Program and FY 2002 Capital Budget at a total project cost of \$110,400,000 for this purpose.

The HMB Replacement Facility will be constructed south of the existing Houston Main Building along Pressler Avenue and will contain approximately 355,000 gross square feet of space. The HMB Replacement Facility includes Faculty and Administrative Offices, Prevention Clinics, Behavioral Sciences, Café Food Service, Conference Center, and Materials Management, including a dock. A bridge will allow connection of the HMB Replacement Facility and the Ambulatory Clinic Building on levels two through eight. In addition, a basement level service corridor will connect the HMB Replacement Facility and the Ambulatory Clinic Building to facilitate distribution of materials and equipment. Visitors, faculty and staff utilizing the HMB Replacement Facility will be able to park vehicles at the new HMB Parking Replacement Garage, which is under construction on the Houston Main Building site. Visitor parking will be available beneath the Ambulatory Clinic Building.

The HMB Replacement Facility design will incorporate building materials similar to the Ambulatory Clinic Building, which is also under construction on the Houston Main Building site. However, the HMB Replacement Facility will include distinct features that will provide a separate, independent identity from the Ambulatory Clinical Building. Visible from the north, the front face will distinguish the HMB Replacement Facility from the Ambulatory Clinic Building while complimenting the planned future courtyard.

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*A Comprehensive Cancer Center designated by the National Cancer Institute  
located in the Texas Medical Center*

The HMB Replacement Facility is scheduled for completion during 2004. It is anticipated that the contractors for the HMB Replacement Facility and the Ambulatory Clinical Building will complete construction within the same general time-period, which will facilitate coordination of moves by various departments and supporting functions.

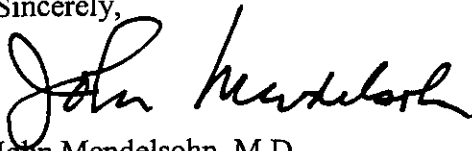
It is requested that an agenda item be submitted for the August 2002 meeting of the Board of Regents to obtain approval for the following:

- Approve a total project cost of \$110,400,000 for the HMB Replacement Facility.
- Appropriate funds and authorize expenditure of \$85,000,000 from Revenue Bonds and \$25,400,000 from local Hospital Revenues for the HMB Replacement Facility.
- Approve Design Development plans, authorize preparation of Construction Documents, and authorize award of contracts for the HMB Replacement Facility.
- Authorize U. T. M. D. Anderson Cancer Center to submit the HMB Replacement Facility to the Texas Higher Education Coordinating Board for their approval.

A proposed agenda item in the format requested by the Office of General Counsel is attached.

We would be pleased to provide any additional information which may be needed in support of this request.

Sincerely,

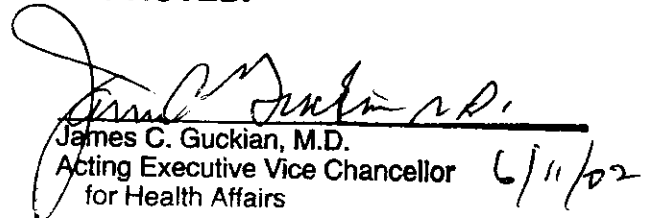


John Mendelsohn, M.D.  
President

JM/jr  
Attachment

cc: Kerry L. Kennedy  
Cullen M. Godfrey  
Leon Leach  
Margaret Kripke, Ph.D.  
David Callender, M.D.

**APPROVED:**



James C. Guckian, M.D.  
Acting Executive Vice Chancellor  
for Health Affairs 6/11/02

U. T. M. D. Anderson Cancer Center: Request for approval of the following: (1) Approve a total project cost of \$110,400,000 for the HMB Replacement Facility; (2) Appropriate funds and authorize expenditure of \$85,000,000 from Revenue Bonds and \$25,400,000 from local Hospital Revenues for the HMB Replacement Facility; (3) Approve Design Development plans, authorize preparation of Construction Documents, and authorize award of contracts for the HMB Replacement Facility; and, (4) Authorize U. T. M. D. Anderson Cancer Center to submit the HMB Replacement Facility to the Texas Higher Education Coordinating Board for their approval.

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel, on behalf of The University of Texas M. D. Anderson Cancer Center, that the Board approve and/or authorize the following items:

- Approve a total project cost of \$110,400,000 for the HMB Replacement Facility;
- Appropriate funds and authorize expenditure of \$85,000,000 from Revenue Bonds and \$25,400,000 from local Hospital Revenues for the HMB Replacement Facility;
- Approve Design Development plans, authorize preparation of Construction Documents, and authorize award of contracts for the HMB Replacement Facility; and,
- Authorize U. T. M. D. Anderson Cancer Center to submit the HMB Replacement Facility to the Texas Higher Education Coordinating Board for their approval.

### BACKGROUND INFORMATION

The campus master plan for The University of Texas M. D. Anderson Cancer Center envisions development of the Houston Main Building site for ambulatory care expansion, faculty offices, and future growth of inpatient services. M. D. Anderson Cancer Center included the HMB Replacement Facility in the FY 2002-2007 Capital Improvement Program and FY 2002 Capital Budget at a total project cost of \$110,400,000 for this purpose.

The HMB Replacement Facility will be constructed south of the existing Houston Main Building along Pressler Avenue and will contain approximately 355,000 gross square feet of space. The HMB Replacement Facility includes Faculty and Administrative Offices, Prevention Clinics, Behavioral Sciences, Café Food Service, Conference Center, and Materials Management, including a dock. A bridge will allow connection of the HMB Replacement Facility and the Ambulatory Clinic Building on levels two through eight. In

addition, a basement level service corridor will connect the HMB Replacement Facility and the Ambulatory Clinic Building to facilitate distribution of materials and equipment. Visitors, faculty and staff utilizing the HMB Replacement Facility will be able to park vehicles at the new HMB Parking Replacement Garage, which is under construction on the Houston Main Building site. Visitor parking will be available beneath the Ambulatory Clinic Building.

The HMB Replacement Facility design will incorporate building materials similar to the Ambulatory Clinic Building, which is also under construction on the Houston Main Building site. However, the HMB Replacement Facility will include distinct features that will provide a separate, independent identity from the Ambulatory Clinical Building. Visible from the north, the front face will distinguish the HMB Replacement Facility from the Ambulatory Clinic Building while complimenting the planned future courtyard.

The HMB Replacement Facility is scheduled for completion during 2004. It is anticipated that the contractors for the HMB Replacement Facility and the Ambulatory Clinical Building will complete construction within the same general time-period, which will facilitate coordination of moves by various departments and supporting functions.





THE UNIVERSITY OF TEXAS  
**HEALTH CENTER**  
AT TYLER

**FAXED**  
6-10-02  
dma

Office of the President

HEALTH AFFAIRS OFFICE  
U.T. SYSTEM  
HAD # \_\_\_\_\_

JUN 13 2002

## Memorandum

June 10, 2002

To: James C. Guckian, M.D.,  
Acting Executive Vice Chancellor for Health Affairs

From: Ronald F. Garvey, M.D., MBA,  
President, U. T. Health Center at Tyler

Re: Biomedical Research Wing Addition  
The University of Texas Health Center at Tyler  
Project No. 801-062

The University of Texas Health Center at Tyler recommends that an item be placed on the agenda for the August 2002 Board of Regents' meeting regarding the approval of the Biomedical Research Wing Addition project. The purpose of the agenda item is to approve the design development plan, the Total Project Cost (TPC), and appropriate funding.

This project is included in the FY 2002 – 2007 Capital Improvement Program and has a TPC of \$11,513,250. The project will be funded from \$11,513,250 in Tuition Revenue Bonds.

The current project schedule, following the August 2002 Board approval and the October 2002 Coordinating Board approval, calls for commencement of construction in April 2003 with substantial completion in September 2004.

Your assistance with this matter is appreciated.

Sincerely,

*Ronald F. Garvey*  
Ronald F. Garvey, M.D., MBA  
President

xc: Mr. Sidney Sanders  
Ms. Vickie Noble

**APPROVED:**

*James C. Guckian*  
James C. Guckian, M.D.  
Acting Executive Vice Chancellor  
for Health Affairs 6/14/02

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Equal Opportunity/Affirmative Action Institution



Office of the President

June 13, 2002

James Guckian, M.D.  
Acting Executive Vice Chancellor for Health Affairs  
The University of Texas System  
Health Affairs  
O. Henry Hall, 204  
601 Colorado Street  
Austin, Texas 78701-4400


**Re:** Agenda Item for August U. T. System Board of Regents Meeting

Dear Dr. Guckian:

Please add the following agenda item to the August Board of Regents meeting pursuant to Part One, Chapter I, Section 9.22 of the Regents' Rules and Regulations. This is a request for authority for U. T. Health Center at Tyler's president to negotiate the contract to finality for food services with a cost that could possibly be more than \$1,000,000. This authority is subject to the approval by the University of Texas System Office of General Counsel and the University of Texas System Health Affairs Office. The RFP is to be opened on July 9 to award the contract for September 1, 2002, through August 31, 2003.

Management of Food Service on U. T. Health Center at Tyler campus

APPROVED:

  
James C. Guckian, M.D.  
Acting Executive Vice Chancellor  
for Health Affairs

Sincerely,

  
Ronald F. Garvey, M.D., MBA  
President

:dma

cc: Francie Frederick, Executive Secretary to the Board of Regents

The University of Texas Health Science Center at San Antonio

7703 Floyd Curl Drive San Antonio, Texas 78229-3900

Office of the President - MSC 7834

May 8, 2002



Phone (210) 567-2000

James C. Guckian, MD  
Acting Executive Vice Chancellor for Health Affairs  
The University of Texas System  
O. Henry Hall, #204  
601 Colorado Street  
Austin, TX 78701

HEALTH AFFAIRS OFFICE  
U.T. SYSTEM  
HAD # \_\_\_\_\_

MAY 08 2002

Dear Dr. Guckian:

We respectfully request approval to change the names of two projects in our Capital Improvement Program currently designated as the U.T. Health Science Center at San Antonio, Regional Academic Health Center (RAHC), Harlingen Medical Education Division (Project #402-994) and Hidalgo County Medical Research Division (Project #402-996). The first proposed name change is that the Harlingen Medical Education Division of the RAHC be re-designated as the Medical Education Division of the Regional Academic Health Center. Because this facility is located in Harlingen, we wish to eliminate the redundancy of having the name of the city in the building name.

The second proposed name change is that the Hidalgo County Medical Research Division of the RAHC be re-designated as the Medical Research Division of the Regional Academic Health Center. Because this facility is located in Hidalgo County, we wish to eliminate the redundancy of having the name of the county in the building name.

Additionally, we request that the signage of the two buildings be established in the format indicated below:

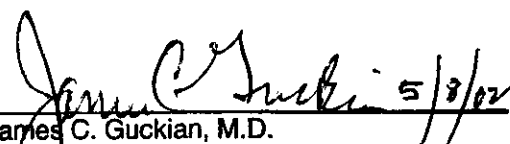
(UTHSCSA Seal) Regional Academic Health Center  
Medical Education Division

(UTHSCSA Seal) Regional Academic Health Center  
Medical Research Division

With your approval, we request that this item be considered at the Health Affairs Committee meeting in July 2002 and placed on the Agenda for approval at the August 7-8, 2002 Board of Regents' meeting.

If I can provide additional information, please contact me.

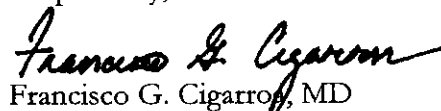
**APPROVED:**

 5/8/02

James C. Guckian, M.D.  
Acting Executive Vice Chancellor  
FGC Health Affairs

cc: Mr. James D. Kazen  
Mr. Harry S. Lynch, Jr.

Respectfully,

  
Francisco G. Cigarro, MD  
President

U. T. Health Science Center - San Antonio - Regional Academic Health Center (RAHC) - Harlingen Medical Education Division (Project No. 402-994); Hidalgo County Medical Research Division (Project No. 402-996); Amendment to the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget Request Approval to Re-designate the Facility Names

RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs and President Cigarroa that approval be granted to the U. T. Health Science Center – San Antonio – Regional Academic Health Center (RAHC) to re-designate the Harlingen Medical Education Division to the Medical Education Division and to re-designate the Hidalgo County Medical Research Division to the Medical Research Division.

BACKGROUND INFORMATION

The Regional Academic Health Center (RAHC) was established by the U. T. Board of Regents at their meeting on November 11, 1998. Funding was approved at the U. T. Board of Regents meeting on May 13, 1999.

The proposed name change will eliminate the redundancy of having the location name in the division names.

## *Tillinghast - Towers Perrin*

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June 11, 2002

Mr. Robert Presley  
Section Manager  
Medical Liability Law  
The University of Texas System  
Office of General Council  
201 West Seventh Street  
Austin, Texas 78701

Dear Mr. Presley:

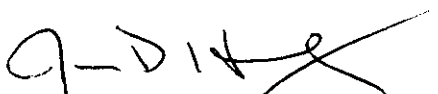
It is our understanding that The University of Texas Self-Insurance Plan management is considering the payment of a \$25 million dividend from Plan assets in August, 2002. The dividend will be returned to Plan Members. You have asked if we believe that current Plan assets are sufficient to make the return.

As of our August 31, 2001 evaluation of the Plan liabilities, Plan assets exceeded Plan liabilities (inclusive of the contingency reserve) by \$129.4 million on a nominal basis, and as much as \$151.3 million if liabilities are discounted at a 7% rate of return (see page 7 of our April 4, 2002 report). We also understand that Plan assets are \$233 million as of March 31, 2002 (an increase of about \$2 million since August 31, 2001); there has been no material change in Plan exposure; and the Plan is charging rates developed in our January 2002 report. In addition, loss and loss expense payments from September 1, 2001 through March 31, 2002 total approximately \$13.5 million and are estimated at about \$4.0 million for the balance of the fiscal period ending August 31, 2002 – a combined result slightly less than expected. Based on this information and exclusive of the proposed dividend, we would expect the excess of Plan assets over Plan liabilities to be about the same relative to the position at August 31, 2001 noted above.

Considering the circumstances, we believe the proposed payment of the \$25 million dividend will not pose a problem to the program.

If you have any questions, please call.

Sincerely,

  
James D. Hurley, ACAS, MAAA

JDH:js

U. T. System: Recommendation for Approval to Increase the Institutional Premium Charge of The University of Texas System Professional Medical Liability Benefit Plan Effective September 1, 2002 and Return a Portion of Excess Plan Reserves to Participating U. T. System Health Components

RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel that the premium rates for The University of Texas System Professional Medical Liability Benefit Plan ("Plan") be increased by 12.5% for U. T. System faculty physicians and 4% for resident physicians effective September 1, 2002. It is proposed that 50% of the premium be based on head count and the other 50% be based on the actuarially determined experience of each U. T. System health component over the life of the Plan, and that the revised experience factor be phased in over a two-year period.

It is further recommended that an actuarially determined portion of excess reserves from the Plan be returned to the participating U. T. System components.

RISK CLASS 1

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 2,004	\$ 1,080	\$ 1,985	\$ 997	-0.9%	-7.7%
UTSMCDAL	1,800	972	1,833	920	1.8%	-5.3%
UTMB	2,532	1,368	2,705	1,357	6.8%	-0.8%
UTHSCHOU	2,208	1,200	2,440	1,226	10.5%	2.1%
UTHSCSA	2,148	1,164	2,201	1,107	2.5%	-4.9%
UTHCTY	2,304	1,248	2,441	1,226	5.9%	-1.8%

RISK CLASS 2

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 2,508	\$ 1,356	\$ 3,107	\$ 1,561	23.9%	15.1%
UTSMCDAL	2,256	1,224	2,868	1,440	27.1%	17.7%
UTMB	3,168	1,716	4,234	2,123	33.6%	23.7%
UTHSCHOU	2,760	1,500	3,819	1,918	38.4%	27.9%
UTHSCSA	2,688	1,452	3,445	1,733	28.2%	19.3%
UTHCTY	2,880	1,560	3,820	1,919	32.6%	23.0%

RISK CLASS 3

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 4,008	\$ 2,172	\$ 4,963	\$ 2,493	23.8%	14.8%
UTSMCDAL	3,600	1,956	4,582	2,301	27.3%	17.6%
UTMB	5,064	2,748	6,783	3,392	33.6%	23.4%
UTHSCHOU	4,416	2,388	6,101	3,064	38.2%	28.3%
UTHSCSA	4,296	2,328	5,503	2,768	28.1%	18.9%
UTHCTY	4,608	2,496	6,102	3,065	32.4%	22.8%

RISK CLASS 4

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 9,324	\$ 5,052	\$ 9,232	\$ 4,637	-1.0%	-8.2%
UTSMCDAL	8,376	4,536	8,522	4,280	1.7%	-5.7%
UTMB	11,772	6,384	12,579	6,309	6.9%	-1.2%
UTHSCHOU	10,272	5,568	11,348	5,700	10.5%	2.4%
UTHSCSA	9,984	5,412	10,235	5,149	2.5%	-4.9%
UTHCTY	10,716	5,808	11,349	5,701	5.9%	-1.8%

RISK CLASS 5

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$13,032	\$ 7,056	\$13,600	\$ 6,831	4.4%	-3.2%
UTSMCDAL	11,700	6,336	12,554	6,304	7.3%	-0.5%
UTMB	16,464	8,916	18,531	9,294	12.6%	4.2%
UTHSCHOU	14,352	7,776	16,717	8,397	16.5%	8.0%
UTHSCSA	13,968	7,572	15,078	7,585	7.9%	0.2%
UTHCTY	14,976	8,124	16,718	8,398	11.6%	3.4%

BACKGROUND INFORMATION

Pursuant to the authority of Chapter 59 of the Texas Education Code, the U. T. Board of Regents adopted The University of Texas System Professional Medical Liability Benefit Plan to provide coverage for certain medical staff and medical students of the U. T. System. The Plan went into effect on April 1, 1977, and is funded by the payment of premiums from the Faculty Physician Practice Plans of the component health institutions of the U. T. System. It is recommended that the U. T. Board of Regents approve a 12.5% increase for the U. T. System faculty physicians and a 4% increase for resident physicians in premium rates for the Plan effective

September 1, 2002. The increased premiums will be allocated on the basis of 50% attributable to physician head count and the remaining 50% based on the experience factor for each U. T. System health component for the life of the Plan. The revised experience factor adjustment will be phased in over a two-year period.

There are currently 6,114 staff and resident physicians of the U. T. System covered by the Plan, with basic liability limits of \$500,000 per claim for staff physicians and \$100,000 for residents. A total of 3,345 medical students are enrolled in the Plan by paying \$25 a year for \$25,000 coverage.

Actuaries from Tillinghast-Tower and Perrin, the nation's largest medical liability self-insurance plan actuarial firm, have reviewed the Plan's 25-year experience and recommend experience-based premiums related to the claims loss of each U. T. System health component. For the preceding five years, premiums have been reduced by 15%, the imputed value of Texas tort reform. Actual experience has not borne out that imputed discount. The absence of that imputed discount from this year's actuarial calculations is the reason for the increase in proposed premiums. Even with the recommended rate increase, the Plan's premium rates will still remain approximately 50% below the rate of commercial insurers for similar coverage.

The Plan has excess reserves well above the actuarially projected risks associated with the Plan, and it is also recommended that a return of \$25 million, representing a portion of such excess reserves, be returned to each participating U. T. System health component, proportionately to the premiums paid for fiscal year 2001-2002. This will be the sixth consecutive year for such partial return of Plan excess reserves.



**The University of Texas Health Science Center at San Antonio**

7703 Floyd Curl Drive San Antonio, Texas 78229-3900

Office of the President – MSC 7834



HEALTH AFFAIRS OFFICE  
UT SYSTEM  
Phone (210) 567-2000  
HAD # \_\_\_\_\_

May 23, 2002

UT System-Academic Affairs

✓ James C. Guckian, MD  
Acting Executive Vice Chancellor for Health Affairs  
Edwin R. Sharpe, PhD  
Executive Vice Chancellor for Academic Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701-2982

MAY 29 2002

to \_\_\_\_\_ for info return  
to \_\_\_\_\_ please advise me  
to \_\_\_\_\_ please handle

RE: Update on SB 1840 Project to Conduct a Feasibility Study of the Operation of UTSA and UTHSCSA as a Single Research University.

Dear Dr. Guckian and Dr. Sharpe:

As you know, SB 1840 requires The University of Texas Board of Regents, with the assistance of the Texas Higher Education Coordinating Board, to conduct a feasibility study of the operation of The University of Texas Health Science Center at San Antonio and The University of Texas San Antonio as a single research institution. This report is due to the Texas Legislature no later than October 1, 2002. We therefore request that an information item be placed on the agenda of the July 1-2, 2002 Board of Regents Committee meetings in Austin, with Board action scheduled for the meeting on August 7-8, 2002.

The Board of Regents delegated responsibility for the feasibility study through the Chancellor and the Executive Vice Chancellors for Academic and Health Affairs. The Presidents of each institution jointly developed a Project Team to assist with the study. The University of Texas System, with the concurrence of the Presidents and the Executive Vice Chancellors for Academic and Health Affairs, contracted with a consultant, Carol A. Aschenbrener, MD, to conduct the study.

Senate Bill 1840 specifically requires that the study include:

1. Consultation with students, faculty, and administrators at both institutions to obtain input regarding any concerns those persons may have regarding the proposed change in the operations of the institutions.
2. Identification and evaluation of the potential benefits and advantages concerning the change.
3. Evaluation and recommendations concerning any legal, administrative, or practical problems concerning the proposed change.
4. Completion of the study and report of the results of the study to the Legislature on or before October 1, 2002. The report must include the Board's recommendations

concerning the proposed change in the operation of the institutions and, if the Board determines it appropriate, must:

- a. Establish a proposed timeline for implementing the proposed change; and
- b. Identify specific actions necessary to implement the proposed change.

With your approval, an oral report by Dr. Aschenbrener will be provided at the Board of Regents Committee Meetings in July.

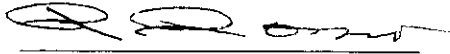
Thank you for your assistance.

Sincerely yours,



Francisco G. Cigarro, MD

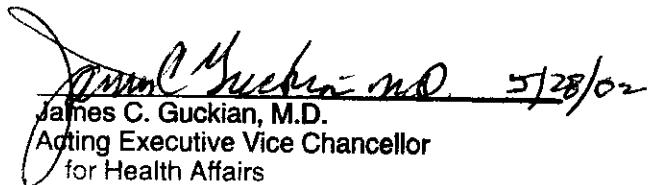
President, The University of Texas Health Science Center at San Antonio



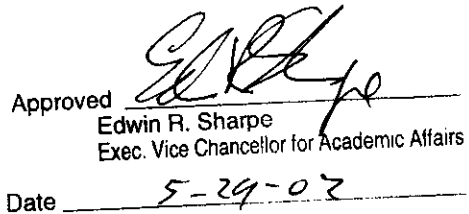
Ricardo Romo, PhD

President, The University of Texas at San Antonio

**APPROVED:**



James C. Guckian, M.D. 5/28/02  
Acting Executive Vice Chancellor  
for Health Affairs



Approved Edwin R. Sharpe  
Exec. Vice Chancellor for Academic Affairs  
Date 5-29-02

AN ACT

relating to a study regarding the operation of The University of Texas at San Antonio and The University of Texas Health Science Center at San Antonio as a single research university.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 65, Education Code, is amended by adding Section 65.47 to read as follows:

Sec. 65.47. STUDY REGARDING THE OPERATION OF THE UNIVERSITY OF TEXAS AT SAN ANTONIO AND THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AS SINGLE RESEARCH UNIVERSITY. (a) The board, with the assistance of the Texas Higher Education Coordinating Board, shall conduct a study to evaluate the feasibility and potential benefits of operating The University of Texas at San Antonio and The University of Texas Health Science Center at San Antonio as a single research university.

(b) In conducting the study, the board shall:

(1) consult with students, faculty, and administrators at both institutions to obtain input regarding any concerns those persons may have regarding the proposed change in the operation of the institutions;

(2) identify and evaluate the potential benefits and advantages concerning the proposed change; and

(3) evaluate and make recommendations concerning any legal, administrative, or practical problems concerning the proposed change.

(c) The board shall complete the study and report the results of the study to the legislature on or before October 1, 2002. The report must include the board's recommendations concerning the proposed change in the operation of the institutions and, if the board determines appropriate, must:

(1) establish a proposed timeline for implementing the proposed change; and

(2) identify specific actions necessary to implement the proposed change.

(d) This section expires September 1, 2003.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2001.

\_\_\_\_\_  
President of the Senate

I hereby certify that S.B. No. 1840 passed the Senate on May 16, 2001, by the following vote: Yeas 30, Nays 0, one present, not voting.

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1840 passed the House on May 23, 2001, by the following vote: Yeas 145, Nays 0, two present, not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor