NOT-FOR-PROFIT HOSPITAL CORPATION

Oversight Roundtable
On
"The Proposed Contract with Veritas of Washington, LLC (CA22-0286)

Testimony of
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Before the
Committee on Health
Council of the District of Columbia
The Honorable Vincent Gray, Chairperson

John A. Wilson Building
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Introduction

Good afternoon, Chairperson Gray and members of the Committee on Health. My name is David C. Boucree, and I am the Interim Chief Executive Officer for United Medical Center Not-For-Profit Hospital Corporation (UMC). I appreciate this opportunity to testify on behalf of Veritas of Washington, LLC (Veritas) and to detail the work that we have been conducting under the hospital operator's contract that commenced on April 18, 2016. As you are aware, Veritas has now entered the first of two options years, and the FY 2018 option is before the Council for final consideration.

My testimony today includes background information on Veritas and the partnerships it has formed to execute this contract. Additionally, I will discuss the operational status of United Medical Center at the time of our initial engagement, the charge we received with respect to managing the day-to-day operations, and the approach Veritas has employed to address some of the operational challenges at the hospital. Finally, my testimony shares elements of our proposal for advancing quality in the hospital in FY 2018, which will soon be submitted to the UMC Board of Directors for its consideration.

Structure and Capabilities of Veritas

Veritas is a District of Columbia-based healthcare management, advisory, and consulting firm. The firm is comprised of principals that have provided management consulting and strategic advisory services to healthcare organizations, Accountable Care Organizations (ACOs), health insurance providers, and government agencies for more than two decades. Further, through critical partnership arrangements with some of the top health care consulting firms in the country, Veritas has been able to deploy a seasoned group of healthcare professionals for this

project who have a proven track record of successful hospital turnarounds, financial management, organizational restructurings, and performance improvement consulting.

The connection to these consultants is especially important, as it allows Veritas to leverage existing relationships to secure specialized services that address project-specific issues that may be especially acute and require targeting highly specialized expertise during a given segment of the contract period.

Veritas principally relies upon two companies for these services. The first is Kurron & Co. - a health care management and consulting services operation that offers the entire spectrum of executive management and consulting services. The core Kurron & Co. team has worked together for over 15 years. Members of its executive team have managed hospitals as small as 25 beds and up to an 800-bed system, including over 40 hospitals in the last 15 years.

The second resource used by Veritas for this partnership is Quantix Health Capital. This is a specialty financial advisory firm with deep expertise in healthcare finance and operations and was instrumental in developing benchmark indicators for Veritas' use to measure hospital performance and pinpoint areas of operational concern at UMC.

Operational Status of United Medical Center and Purpose of Veritas Engagement

As noted, Veritas assumed management control of UMC in April 2016 and immediately initiated an environmental scan of the hospital to identify problems that hindered the successful management of the facility. Under the leadership of the former CEO Luiz Hernandez, various members from Veritas and its partnership arrangement were employed to assess key operational aspects of the hospital.

Based on this work, it was clear, on the one hand, that the improvements ushered in by the work of Huron in 2014 had been allowed to deteriorate with little or no knowledge transfer to the hospital staff. On the other hand, we also uncovered problems that appeared to be more longstanding, stubbornly entrenched in the operating culture of UMC. Our focus and general findings regarding the hospital in key targeted areas are as follows:

- **Hospital Finances**. Over the 12-months prior to our engagement in April 2016, the District allocated $17 million in subsidies to UMC to cover operating deficits and ensure that the hospital could meet payroll. While the previous CEO worked with the Office of the Chief Financial Officer (OCFO) to initiate a 10 percent workforce reduction, the underlying operational problems that drove expenses beyond the hospital's revenue base had to be diagnosed and corrected, including establishing a better system of checks and balances to ensure the departmental funding decisions were not at odds with the hospital's cash-on-hand.

- **Revenue Cycle.** The system of administrative and clinical functions that contribute to the capture of charges, the management of claims processing, and collection of patient service revenue was broken, especially on the front-end of the process. With the departure of Huron's revenue cycle team in February 2015, the bifurcated, disjointed system was returned to its pre-Huron level of dysfunction -- outdated charge master, missing charges, poor claims development, etc. -- resulting in delays in billing and a loss of revenue, further eroding the hospital's cash position.

- **Quality Department**. The department responsible for quality management was a small, isolated, siloed team focused on the basics of reporting, with no attention to hospital-wide performance improvement. As a result, there was no system in place to oversee and improve processes across the hospital and address quality in a collaborative way. Noticeably lacking was a formal quality improvement program needed to establish an environment of care focused on daily patient safety through internal audits, patient rounds, and practices that improve the quality of care. The Director of Quality, the Risk Manager, and the Patient Advocate/Patient Experience positions were vacant.

- **Hospital Accreditation.** There was no formal, hospital-wide plan in place to prepare for the upcoming Joint Commission Accreditation, which has recently shifted to a more rigorous survey process that is tightly focused on patient safety. The key staff person responsible for this function walked away from the hospital in a sudden departure, and the existing staff evinced only a limited understanding of the standards and elements of performance required to successfully complete the survey process, ensure patient safety, and protect UMC's accreditation.

- **Emergency Department Operations**. The emergency department provider was not delivering the necessary executive leadership to ensure consistent and quality care. Like many service lines, the emergency department experienced high turnover, while operations suffered from the absence and routine application of established clinical protocols that have the potential to expedite the effective delivery of care. The ED nursing leader position was vacant.

- **Clinical and Inpatient Services**. There was no system in place to ensure efficient movement of patients throughout their hospital stay. A nursing supervisor walked the floors to visualize empty beds to which Emergency Department patients could be assigned. The Medical-Surgical nursing leader position was empty, and, as a result, there were costly breakdowns in nurse scheduling.

- **Physician Services.** Apart from a severely limited range of specialty services, the hospital physicians operated with few if any quality metrics in their contracts. Likewise, the physicians did not, as a rule, adhere to standards for clinical documentation of patient care, undermining UMC's capacity to effectively bill for services provided. The hospitalists were permitted to maintain full physician practices outside of their hospital duties and were individually responsible for more patients than the national average of 15-18 patients.[1] As a result, timeliness and cost-effectiveness of care have been negatively impacted.

- **Nurse Staffing and Recruiting**. There was a nursing turnover issue at the hospital and the nursing collective bargaining agreement expired Jan. 7, 2013 (more than 3 years prior to Veritas' arrival). Filling nursing positions in DC is a challenge due to the large number of nurse job openings per capita and DC having one of the lowest annual nursing salaries in the country (adjusted for cost of living)[2].

- **Compliance.** The position responsible for compliance was vacant and weighty issues raised in a 2015 audit report found that material weaknesses in the hospital were not being addressed.

As noted, some of these operational issues have a long history. Others were successfully addressed by previous hospital turnaround specialists but were not sustained by the management team in place at the hospital when Veritas arrived. On this point, there can be little question that high turnover among senior executives and managers along with prolonged staff vacancies -- at

[1] Harris SM. 2012. Appropriate Patient Census: Hospital Medicine's Holy Grail. *The Hospitalist,* January 2012(1)/
[2] WalletHub. 2017's Best & Worst States for Nurses, May 3, 2017

times reaching crisis levels -- have frustrated progress at UMC, spawning both the hospital's copious operational problems and frequent revenue challenges.

Scope of Veritas Engagement

Through a contract and Management Action Plan (MAP) negotiated separately with UMC senior staff, the Office of Chief Financial Officer (OCFO), and the Department of Health Care Finance (DHCF), the scope of our engagement was established. In addition to managing the day-to-day operation of UMC, we were instructed to assist with finalizing a restructuring plan to protect the solvency of the hospital and build an FY2017 budget bounded by planned controls on operating expenses.

Further, in developing the MAP, we were instructed to explicitly link the plan to the proposed budget, thereby facilitating regular assessments of the factors that directly impact the hospital's financial performance. The UMC Board of Directors received and approved the budget and MAP in September 2016. Once approved, the OCFO and DHCF set up monthly evaluation meetings to provide the necessary oversight of our contract and direct adjustments when needed to manage any emerging fiscal pressures.

Shortly after our contract was approved, Veritas engaged revenue cycle subject matter experts to evaluate UMC's revenue cycle operations. Based on the findings, the OCFO made the decision to assume responsibility for the entire process, and DHCF removed the funding for this task from our contract. While this decision eliminated front-end revenue cycle operations from the hospital's control, it subsumed all functions for this task under the direction and management of one entity, bringing this practice in line with industry norms. This also allowed Veritas to

focus its hospital stabilization and performance improvement efforts for FY 2017 on expense control, clinical activities, and physician services.

With respect to hospital expenses, our goal is straightforward – identify cost savings opportunities throughout the hospital while maintaining standards for patient safety. We do this while focusing on labor costs to ensure that staffing resources are optimally allocated to deliver the appropriate level of care to the patients. Moreover, we are constantly examining compensation and benefits for hospital staff to determine if these are in line with District of Columbia market norms.

There is also a non-labor component to the expense control side of this engagement, where we look for opportunities to reduce the cost of hospital-related goods and services. Here, we focus on price control through both clinical and non-clinical supply chain management, food and environmental services, and laboratory costs.

With clinical services, we have focused on identifying strategies and executing opportunities to improve clinical care processes and patient throughput – the efficient cycling of patients through UMC's fixed resources of patient beds, procedures rooms, and imaging services. In a fiscally stressed hospital like UMC, the ability of the staff to efficiently move patients through the treatment process is critical to the successful management of hospital operations. While separate from the issue of quality, attention to patient flow can help secure a maximum return on the cost of the existing hospital assets by enhancing patient access through decreased wait times and increased bed capacity.

Finally, we are also focused on the more difficult challenge of improving physician services. At unusually high levels, UMC outsources much of its patient care process - emergency department, internal hospitalists, intensivists services, orthopedics services, radiology

services, anesthesiology services, and behavioral health services are all outsourced. This raises several questions. Particularly, is the current mix of employed versus contracted physicians a best practice for the hospital? Is the corporate engagement and performance oversight of these contracts adequate? Do the staffing levels provided by these vendors and the resulting physician-patient ratios facilitate quality patient care? Finally, are the contracts governing these relationships structured to align with the goals of the hospital?

With these issues as a backdrop, Veritas began its work in FY 2017 to design and execute strategies to promote cost-efficiencies in the following areas, to name a few:

- Ambulatory Care and Ancillary Services
- Emergency Department
- Hospital In-patient management
- Skilled Nursing
- Materials Management
- Human Resources
- Information Technology Management
- Contracts Review and Negotiation

Veritas Initiatives to Address UMC's Key Operational Challenges

Since the beginning of FY 2017, Veritas has initiated numerous strategies to address the operational problems outlined in the early portion of my testimony. We began putting these initiatives in place in FY 2017, following our environmental scan, and believe they hold considerable promise for improving the functional efficiency, quality of care, and patient safety at UMC.

Some of the strategies that have been adopted in key areas for the hospital are outlined in the series of tables shown on pages 9-13 of this testimony, and these are only a subset of the work Veritas has conducted.

In some cases, the positive impact of these initiatives was immediately realized. In other cases, due to the timing of the work to remediate the identified problem or the nature of the solution, there is a longer time horizon before a discernable impact should be expected. Notwithstanding the timing issues, the information in the tables indicate that Veritas' solution-oriented approach has included work across the full spectrum of functions that are critical to hospital operations, including perhaps the two most critical with respect to patient care, the hospitalist or inpatient physician services and the emergency department – the largest two units at UMC.

Key Function	FY2016 Status	Veritas Actions Implemented
The Quality Department	• Small, isolated, siloed team focused on the basics of reporting, *not* performance improvement. • No quality improvement program • Non-existent rounding and daily patient safety meetings	• Hired Quality Department leadership to evaluate, design and deploy a framework for continuous quality improvement and patient safety. • Shifted organizational thinking to systems, processes and a patient centric collaborative culture including real-time quality reviewed through daily safety leadership meeting. • Implemented the use of the Institute of Health tools to communicate across the organization. • Built and continue to grow the internal reporting system to ensure that the trending and progress of performance improvement is reported through the entire management structure up to and included the executive leadership team, Board Patient Safety and Quality Committees, and the Board of Directors. • Increased our focus related to infection control through a cross functional team of Quality, Infection Control, and Facility Management staff working to mitigate risks by identifying environmental improvements in Sterile Processing, Radiology, and organization wide through HVAC air handling upgrades to improve patient safety. • Changing the culture and accountability in the organization to one focused on patients first. An example of this beginning to take root is the compliance of the immunization of staff to prevent the exposure of flu to the population we serve. In the 2016/2017 flu season we were able to improve to over 90% immunized for all employees. • Worked with Quality Director to develop and deploy a Performance Improvement and Patient Safety Plan for a systematic, organization-wide quality approach. • The utilization of best practice performance improvement tools such as failure mode and effect analysis and PDSA Cycle - Plan, Do, Study, Act • These tools were utilized to improve outcomes: ▪ Because many of UMC's patients have diabetes, it is important that the often complex insulin orders are managed correctly. Improvements in this area led to nurses completing the numerous steps required in insulin administration 93% of the time.

Key Function	FY2016 Status	Veritas Actions Implemented
		• Developed and defined an interdisciplinary EOC team that includes quality, infection control, housekeeping, facilities, and administration. • Deployed an EOC analytical tool that captures and communicates identified issues in real-time to the appropriate department for resolution and allows the organization to organize, prioritize and complete findings. • The Interdisciplinary team is performing EOC audits of clinical and non-clinical department on a weekly basis to identify issues related to the maintenance of the facility and required upgrades to maintain safe and effective quality care in an ever-changing regulatory environment.

Key Function	FY2016 Status	Veritas Actions Implemented
Hospital Accreditation	• There was complete lack of understanding of the standards and elements of performance required to successfully complete The Joint Commission (TJC) survey and ultimately provide safety patient care	• Summer of 2016, Veritas staffed a quality subject matter expert at the hospital, hired a quality director to establish a performance improvement committee and built the infrastructure for performance improvement. This committee subsequently guided the work of each department director to ensure that they would execute the necessary steps to achieve compliance. • Engaged a contractor to come in and conduct a surprise mock survey and based on those results the necessary course corrections were made. • Key results of the actual September 2017 survey include: ▪ No "immediate threat to life" deficiencies were identified. Note: this would have required an immediate remediation to keep UMC operational. ▪ A "*preliminary denial of accreditation*" occurs when there are 5 or 6 condition level deficiencies. **This did NOT occur for UMC** ▪ Only 21 deficiencies out of 1,800+ elements and standards (1,800+ possible deficiencies). This is a 1.2% deficiency rate. On average hospitals have received ~75 deficiencies. ▪ 53% of our findings were in the *low risk/limited category* o Limited, unique occurrence that is not representative of routine/regular practice, and has the potential to impact only one or a very limited number of patients, visitors, staff. • Majority of findings (60+%) were related to facilities/building maintenance and were corrected prior to the surveyors' departure.

Key Function	FY2016 Status	Veritas Actions Implemented
Emergency Department	• High nursing staff turnover. • Absence of clinical protocols created serious patient flow problems. • No formal, collaborative relationships with in-market hospitals in Prince Georges County or DC.	• Established relationships and negotiated contracts with three nursing agencies • Established front end clinical protocols to expedite lab work, x-rays / radiology, medication, etc., to reduce disposition time prior to seeing physicians. • Established quarterly meetings and information sharing to improve communication, coordination, and collaboration. • Hired additional leaders at multiple management levels within the ED to improve staff utilization and oversight.

Key Function	FY2016 Status	Veritas Actions Implemented
	• Lack of nursing leadership and lack of effective collaboration between physician leadership and nursing. • There were outdated processes, policies, and procedures related to patient care. • No electronic bed management which caused delays in patient placement (from ED to floors) • Patient environment of care was not conducive for efficient and effective patient care.	• Formalized regular meetings and coordination between physician leaders and management / nursing to improve communication, information sharing, and collaboration related to patient care and throughput. NOTE: Although the ED was designed for 25,000 visits, UMC sees ~60,000 ED visits annually. • Actively supported the development of an innovative nurse recruiting program with educational institutions from the Island of Puerto Rico to recruit experienced nurses. • Implemented electronic scheduling of staff • Improved communication between managers and nursing staff related to patient care and safety • Designed and deployed an electronic bed management process to increase the efficiency of moving patients from the emergency department to patient floors. • Completed the renovation of the 8th floor. 5th floor renovations will be completed within the next couple of weeks

Key Function	FY2016 Status	Veritas Actions Implemented
Hospitalist & Other Physician Services	• Limited specialty physician services, family practice clinic, and other clinical services. • Lack of quality metrics in physician contracts. • Clinical documentation of patient care was severely substandard and incomplete.	• Hired new Assistant Director for Medical / Surgical nursing • Aligned nurse to patient ratios with national standards • Completed the renovation of the 8th floor. 5th floor renovations will be completed within the next couple of weeks • Established hourly nurse rounding to improve patient care (visiting with patients) • Created a platform for nurse staff to participate in day-to-day clinical practice • Re-established the Policies and Procedures committee to review, update, and deploy enhanced policies. • Deploying a web-based Policy Management system that will not only improve the ability to manage and update polices, but also ensure nurses and technicians have ready access when caring for patients. • Recruited and hired 2 GI physicians, a urologist, and contracted with an orthopedic group. • Recruited and hired two family medicine physicians and one internal medicine physician. • Prior to Vertitas' arrival, UMC had an inpatient wound care team in addition to the outpatient wound care program. The entire wound care team was eliminated with the hospital layoffs and wound care was reassigned to bedside nurses. When the hospital acquired pressure ulcers started increasing after the layoffs, the wound team was restarted in Q1 FY17, led by a certified wound care nurse. Since then, hospital acquired wounds have declined. • Implemented an electronic bed management system that could be viewed by all patient care areas to quickly identify bed availability for new patients. UMC's Chief

Key Function	FY2016 Status	Veritas Actions Implemented
		Nursing Officer voluntarily adopted national standards for nurse to patient ratios[3] and follows best practices of adjusting ratios based on how complex patient needs are. Staffing is discussed at monthly Nursing Practice meetings for full transparency. • Implemented a formal diabetic program to educate all diabetics inpatient. The program also monitors medication management and nutritional counseling. • Improving medical services by focusing on increased quality metrics. • Bidding out medical services, starting with the two largest medical services: Hospitalist & Emergency Department. GWMFA selected as successful bidder • Although UMC will likely see an increase in the cost over the budgeted amount, the increase in quality and services justifies selection / best value. This shift to higher quality is key as Medicare reimbursement moves from fee for service to value-based and hospitals are incentivized or penalized based on quality metrics. • Quality metrics will be negotiated into option year extensions of existing agreements for the medical service(s) or the service(s) will be put out to bid throughout FY18. • Redesigned EHR system to require increased documentation of patient care. • Conducted physician training sessions on the changes and system enhancements deployed to encourage better clinical documentation. • Recruited leadership and staff in the case management department to review 100% of inpatient records with 24 hours to ensure the appropriateness / medical necessity of admissions

Key Function	FY2016 Status	Veritas Actions Implemented
Information Technology Management	• UMC's Core Hospital Information System is antiquated and incapable of serving the patient community ▪ Ineffective implemented ▪ 2 generations old • No system for Ambulatory / clinic services	• Began evaluating two different systems - Cerner and Meditech (new "6.1" version) which includes many new and necessary modules that are not available with the older "Meditech MAGIC" system, including: Case Management, Web Ambulatory PM/EMR for primary care and surgical practices, Web Emergency for Physician, Critical Care, Population Health, Business and Clinical Analytics, Anesthesia, Oncology, Human Resource Planning, Surveillance, Long-Term Care, Fetal Monitor Interface, Labor and Delivery, and Nursing Web Tools • A new system will solve many issues that encumber UMC's operations and restrict our ability to meet today's standards and expectations for healthcare with respect to patient safety, quality outcomes, clinical documentation and medical record completion standards, and participation in Health Information Exchanges that are so critical in today's expanding healthcare model. • Benefits of a modern EHR system: **EHRs Can Reduce Errors, Improve Patient Safety, and Support Better Patient Outcomes** - can automatically check for drug-drug and drug-allergy interactions

[3] California Department of Public Health. 2005. Nurse to Patient Staffing Ratio Regulations; Academy of Medical-Surgery Nursing.2015. Staffing Standards for Patient Care; American Association of Critical Care Nurses. 2015. Tele-ICU Staffing by Patient Acuity; Joint Committee on Administrative Rules.2014. Nurse Staffing by Patient Acuity.

Key Function	FY2016 Status	Veritas Actions Implemented
		- Information gathered by a primary care provider and recorded in an EHR can notify a clinician in the emergency department about a patient's life-threatening allergy, and emergency staff can adjust care appropriately, even if the patient is unconscious. - EHRs can expose potential safety problems when they occur, helping providers avoid more serious consequences for patients and leading to better patient outcomes. **EHRs Can Support Provider Decision Making** - Clinical alerts and reminders - Support for diagnostic and therapeutic decisions - Built-in safeguards against potential adverse events **EHRs Can Be the Foundation for Quality Improvements** - EHRs place accurate and complete information about patients' health and medical history at providers' fingertips. Armed with this information, providers can give the best possible care, at the point of care. This can help providers and patients collaborate on a *better patient experience* and, most importantly, help them deliver the *best possible care*

Key Function	FY2016 Status	Veritas Actions Implemented
Supplies and Materials Management	• Material Management Director resigned prior to our arrival. • Group purchasing organization (GPO) was charging higher prices and providing sub-optimal services. • No formalized ordering process existed, manual POs throughout the hospital. • No formalized tracking of supplies utilization. • No formal material management and restock process existed, resulting in old and expired supplies both in the warehouse and patient care areas. • Contracts Management database deployed but not	• Successful completed recruitment and hiring of a Director of Material Management • Negotiated a contract with a new group purchasing organization and added over 70+ vendors to gain favorable pricing for materials and supplies. • Adjusted par levels on the floor to ensure proper inventory turns. • Completed full house inventory to remove expired supplies. • Cleaning up the database and deployed the new structure for all active contracts. • Track expiration dates, COTRs, etc. • Send notifications and reminders

Key Function	FY2016 Status	Veritas Actions Implemented
	current resulting in expired contracts	

Additional Proposals to Address Patient Quality

Strengthening Emergency Department and Inpatient Hospitalist Service Options. UMC currently contracts with two separate vendors to operate its emergency department and provide patient care services for all persons who are admitted to the hospital for inpatient services. The emergency department operator manages this frontline function for UMC. In turn, the second vendor – the hospitalist – evaluates persons who visit the emergency department to determine if they should be admitted and treated via inpatient care.

While solutions have been fashioned to address some of the pressing operational problems that have hindered the consistent delivery of quality patient care in the emergency department and inpatient settings, the expiration of these contracts was embraced as an occasion for a reexamination of these critical functions. As such, in September 2017, UMC requested bids for the management of both the emergency department and inpatient services. On October 25, 2017, the selection committee awarded the bid to the George Washington University Medical Faculty Associates (MFA). With its considerable in-market presence, MFA perfectly complements the needs of UMC for both the emergency department and hospitalist contracts while providing the possibilities for seamless referrals to George Washington University Hospital for patients in need of more complex and critical care.

We are very encouraged about the prospects for this partnership, and Veritas plans to present these contracts to the UMC Finance Committee and ask that they both be advanced to the full Board for consideration and approval. In our conversations with representatives from MFA, we have explored the possibility of a January 2018 start date for the contract.

Pending Proposed Options for Restoring Obstetrics Services at UMC. In response to the District regulator's decision to restrict the license of the hospital, enjoining for 90-days the

provision of obstetrics services at UMC, the Board asked Veritas to develop a proposal of options for a permanent disposition of this matter. Our specific direction was to include a possible reopening of a full-service obstetrics unit as one of the proposed options.

Our work on this proposal will include a full cost analysis of each developed option, and we aim to present the proposal to the Board sometime in November 2017. In the interim, the hospital has made a formal request for an extension of the Department of Health's 90-day deadline for preparation of its response and a return inspection.

Financial Support Will Be Needed to Fund These Quality Improvement Proposals. While these proposals offer an invaluable opportunity to enhance patient care at UMC, they also come with a price that is likely to surpass the existing revenue base for the hospital. The latest financial reports for UMC indicate that the hospital is operating at a roughly break-even position, with very limited cash reserves fluctuating from $5 to $7 million monthly.

With the recent rash of negative news concerning hospital operations, the FY 2018 budget is being constructed on the assumption of a low, to no-growth rate in hospital admissions. This, of course, will require that Veritas closely monitor hospital operating expenses on a monthly basis while working with the OCFO to leverage any revenue enhancement opportunities that might exist.

Neither of these actions will be sufficient, however, to fund our proposals to improve patient quality beginning in January 2018. Moreover, the cash reserves for the hospital are unstable and must be closely watched to ensure an adequate amount is preserved to cover at least one month of UMC's payroll cost. Notwithstanding this sobering reality, Veritas firmly believes that the expense of funding our pending proposal is more appropriately viewed as an investment

and not a cost – an investment in the operations of UMC and, more importantly, the lives of the patients who rely upon the hospital for their care.

FY18 Quality Improvement Proposals. In FY 2018, our plans are to leverage the new partnership with MFA in the emergency department and hospitalist services to enhance the overall quality of care in the hospital. We believe this will allow UMC to re-establish connections with community physicians – both primary care and specialty doctors – increasing the flow of patients to UMC.

To fully exploit this opportunity, we will seek to engage the expertise of our new partner and look for ways to enhance our ambulatory services as a compliment to the improved delivery of emergency care and inpatient services. Under the general umbrella of an improved system of care, UMC staff will, for the first time, be measured by the performance of the hospital on key quality care measures. This approach is consistent with widespread industry trends previously beyond the plans and reach of UMC.

In addition, when a partner is identified for the new hospital, we will work with them to coordinate our planned investments at UMC to ensure compatibility with the approaches being considered for the new hospital. This will ensure that most of the capital funds we spend at UMC will be appropriately aligned with the plans for the new hospital and, therefore, portable to the new facility.

In closing Mr. Chairman, let me say that although we have made measureable progress in patient care and quality, managing the operations at UMC is a challenging proposition. As I have outlined in this testimony, the hospital continues to struggle with legacy problems, as well as equally serious, more recent challenges. However, Veritas -- with its valuable partners -- is

committed to meeting the challenge and looks forward to the opportunity to continue our work on behalf of the employees of UMC and the patients of the hospital.

My team and I are happy to address any questions by the Committee.