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*Chair of the Assembly of the Academic Senate
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October 7, 2015

**PRESIDENT JANET NAPOLITANO
UNIVERSITY OF CALIFORNIA**

Re: Governance of UC Health

Dear Janet,

On behalf of the Academic Council, I wish to alert you to the strong concerns being expressed by many UC faculty about proposed changes to the Regents' governance structure for the UC Health enterprise first discussed by the Regents in July 2015 ([Item H1](#)) and most recently in September 2015 ([Item J2](#)).

The current proposal would delegate decision-making authority for major UC Health projects such as strategic plans and budgets, executive compensation, and capital projects from the full Board of Regents to a reconstituted Regents Committee on Health, which would include both Regent and non-Regent voting members. The new Committee would also delete its current advisory members, including the Academic Council Chair and Vice Chair, but add four non-voting advisory members that the Committee identifies as having "appropriate expertise" in health care policy.

After Item J2 was discussed publicly on September 16, I invited Senate divisions and Systemwide committees to send formal comments to the Council, in anticipation that the comments could help inform the next revision of the proposal to be considered by the Regents in November. Six Senate divisions (UCB, UCD, UCI, UCLA, UCSD, and UCSF) and two Systemwide committees (UCFW and UCORP) submitted letters, which are attached for your reference. The Academic Council has directed me to transmit the concerns, summarized below, to you for conveyance to the authors of the policy and the full Board.

Committee Purview

Senate reviewers found some aspects of the proposed Committee's purview to be overly broad. UCFW and UCSD note that no reasonable justification is provided for transferring the oversight of UC Health capital projects from the Committee on Grounds and Buildings to the new Committee on Health. Both UCFW and UCSD also express concern that the Rule of Interpretation (proposed Bylaw 12.7(d)) is overly broad and would effectively remove fundamental components of Health Sciences governance from Regents oversight. The UCLA division also notes that the proposal does not articulate a clear boundary for the Committee's authority or specify the extent to which it would have purview over local issues.

Composition of the Committee

- *Faculty Representation:*

Several reviewers expressed strong concerns about the potential loss of faculty representation on the new Committee. An important reference on this issue is [Regents Policy 1201](#), which states that the chair and vice chair of the Academic Council “shall be invited to attend all meetings of the Board and of its committees and to be seated at the meeting table with full participation in discussion and debate...” [and] “will serve as advisory members of standing and/or special committees of The Regents.” We respectfully request that this oversight be addressed in the next version of the policy. You may want to take note of UCSF’s suggestion to include a prominent clinical representative from the UC medical centers on the Committee; this individual should be in addition to, not a substitute for, representation by the Senate chair or vice-chair.

- *Advisory Members*

Several reviewers note that Item J2 is vague as to what will constitute “appropriate expertise” for the four non-voting, non-UC advisory members proposed for the new Committee. Reviewers are also concerned about the potential for outside parties to exert inappropriate influence over decisions that impact the academic mission, the likelihood that outside experts may not be fully mindful of the extent to which teaching and research are intertwined with the clinical enterprise at UC, and a fear that those perspectives may lead to decision-making that aligns with financial considerations rather than the full academic character and mission of the medical centers. As the Davis Division notes, “External individuals, even with appropriate expertise in medical areas, should not be delegated decision-making authority that will impact teaching curricula or research programs.” Further clarity is needed on this issue. In addition, two Senate divisions have also made specific recommendations for advisory members. UCSF suggests four health sciences faculty, and UCSD suggests individuals with expertise in teaching, research, and education, who come from prominent national agencies as well as from UC.

- *Non-Regent Voting Members*

The proposal recommends adding non-Regent voting members, including UC executives and Chancellors, to the new Committee on Health—an unprecedented and inadvisable change to existing policy. It is important for the Regents, who are charged with representing and protecting the entire University, including faculty and staff at campuses without medical centers, to remain empowered to act independently from the Systemwide administration and the administration of any campus. The Regents should remain the only voting members and not relinquish governance authority to members of the Committee who are not Regents.

Business Priorities vs. Academic Mission

The number of letters submitted on short notice by UC faculty at campuses with and without medical centers documents their deep and broad concerns about the future of UC Health under the proposed new governance structure. A recurring theme in the letters is the apparent ascendance of financial concerns in setting the direction for UC Health over research, education, and quality and access of patient care. The teaching and research missions are the main reasons that the University is engaged with academic health systems. Although the Senate is well aware that all UC divisions must look elsewhere for financial support as the State continues to disinvest from UC, faculty are also concerned that these fundamental missions of the UC Medical Centers may be jeopardized by business interests and financial expediency.

I respectfully request that you share the concerns articulated here with Executive Vice President Stobo and the Board of Regents for consideration in preparing the next draft of the proposal for the governance of UC Health. Please feel free to contact me if you would like to discuss the concerns expressed here in more detail. Thank you for the opportunity to opine.

Sincerely,



J. Daniel Hare, Chair
Academic Council

Cc: Academic Council
Chief of Staff Grossman
Executive Director Baxter

September 30, 2015

CHAIR J. DANIEL HARE
UNIVERSITYWIDE ACADEMIC SENATE

Dear Dan,

On behalf of the Berkeley Division, I write in reply to your September 18, 2015 solicitation of opinions concerning Regents' item J2 and the Regents' governance of UC Health. Thank you for the opportunity to do so.

The timing of the solicitation and the due date for a reply unfortunately did not fit well with the scheduled meetings of Berkeley's Divisional Council (DIVCO). Hence, this reply has not benefitted from a full discussion at DIVCO, but, instead, reflects electronic comments from its members on my original draft. There was, though, time for our Faculty Welfare committee (FWEL) to discuss the matter and I attach its response as sent me by Professor Mark Gergen, its co-chair.

The members of the Divisional Council are broadly supportive of the views and conclusions set forth in co-Chair Gergen's September 24, 2015 memorandum. In particular, the Division is very concerned about conflicts of interest that would arise if those charged with management of UC's clinical enterprises also have control over the planning, policy, and terms of the health insurance provided UC faculty and staff. The consequences of such conflict of interest for faculty welfare and for the ability of this campus (as well as others, if not all) to attract and retain faculty are significant and, thus, sufficient to require that a "fire wall" exist between those in control of the clinical enterprise and those in control of insurance.

At a slightly more general level, over the past year or so, the Berkeley Division has been concerned that UC health insurance programs not become ways of subsidizing UC's medical centers. Beyond the inequities inherent in taxing the campuses without centers to support those with centers, there is a legitimate fear that such subsidization will adversely limit choice (especially in obtaining geographically local care) and raise out-of-pocket expenses. Such outcomes would be to the great detriment of faculty welfare and would create significant difficulties with respect to faculty recruitment and retention.

I also wish to underscore the fact, also noted in co-Chair Gergen's memorandum, that even campuses that don't have a medical center are nonetheless engaged in various ways with health. At Berkeley, for instance, we have an Optometry School, a School of Public Health, and operate a number of joint programs, including some pertaining to the training of physicians, with UCSF. Hence, limiting voting campus representation to two Chancellors from campuses with medical centers could mean an overly narrow representation of the panoply of health-related research and training within the system. This suggests seeking some assurance that, at the very least, a fraction of the non-voting advisory members of the Committee on Health Services come from campuses without medical centers.

Regards,



BEN HERMALIN, CHAIR
BERKELEY DIVISION OF THE ACADEMIC SENATE

September 24, 2015

**TO: BENJAMIN HERMALIN, CHAIR
BERKELEY DIVISION OF THE ACADEMIC SENATE**

Re: Proposed Committee on Health Services

Dear Ben,

UC FWEL discussed the Proposed Regents' Committee on Health Services (Item J2) at the Sept. 21 meeting. The Committee strongly endorses the concerns with an earlier version of the proposal expressed by Joel Dimsdale and Robert May in the July 31, 2015, letter to Mary Gilly.

We particularly want to underscore the concern expressed for the conflict of interest created by placing executive authority over the UC Health clinical enterprise and over UC Care in the same hands. This has been a concern in the past. The new governance structure may exacerbate the concern. The new committee will have nine voting members three of whom are the Executive Vice President for UC Health and two chancellors from UC campuses with academic health systems. It would be only natural for these individuals to look at UC Care from the perspective of the clinical enterprise and not from the perspective of participants in the plan, or from the perspectives of UC employees who participate in other plans. In this regard it bears note that the proposal states the committee is expected to advise the full Board and other committees on "the operation and oversight of the University's insurance and self-insurance programs." It is not apparent why the committee should advise the Board, the President of the University, or other decision-makers on the University's insurance programs other than UC Care. Certainly if the Committee were to do so there would be a grave concern for the obvious conflict of interest.

The Dimsdale-May letter makes other points we endorse. As they say, "Nimble decision-making" should not be assumed to be equivalent to 'good decision-making.'" We can attest to their observation that the "early roll-out of UC Care in 2014" was "precipitous" and "ill-advised."

Finally, while it is not strictly a matter of faculty welfare we think it important to note that while the Berkeley campus does not have a medical center it is very much a part of the UC Health System through the Optometry School, the School of Public Health, joint programs with UCSF, and the joint medical degree with UCSF.

Mark Gergen, Co-chair
Committee on Faculty Welfare
Berkeley Division of the Academic Senate



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October 2, 2015

DAN HARE, CHAIR

UC Academic Council
1111 Franklin Street, 12th Floor
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**RE: Expedited UC-wide Review: Governing the University of California Health System
AND Proposal to the Regents of September 15, 2015 known as J2**

The time provided to gather feedback from the Academic Senate on either the UC Health System governance report or the proposal to the Regents was insufficient to allow full consultation with our faculty. Therefore, the following is based on input solicited from the School of Medicine Faculty Executive Committee (SOM FEC) which was based solely on the RAND Health Report provided to the Regents in July 2015. The SOM FEC had already initiated review when your September 18, 2015 request, which included the proposal known as J2, was received.

The SOM FEC was unanimous in endorsing Option 3: UC Health System Oversight Board with Delegated Authority, an opinion that aligns with the recommended proposal to the Committees on Governance and Health Services provided during the September 15, 2015 Regents Meeting. The SOM FEC states their belief that “the current governance model limits the ability of the schools of medicine to make decisions in a timely manner, which puts them at a competitive disadvantage. Depending on the nature of the delegated authority, implementation of Option 3 may address this shortcoming...” The proposal to the Regents describes the oversight board composition as “...sitting Regents, external individuals with appropriate expertise and internal representatives.”

As Davis Divisional Chair, I would like to address the recommended composition of the oversight board. I am deeply concerned about “external individuals with appropriate expertise” making decisions that will impact the Schools of Medicine research and teaching mission. The clinical enterprise, in and of itself, does not comport to the University of California mission. The teaching and research missions component is the reason the University of California is engaged with academic health systems. Furthermore, teaching and research are interrelated with the clinical enterprise. External individuals, even with appropriate expertise in medical areas, should not be delegated decision making authority that will impact teaching curricula or research programs.

UC Davis prides ourselves on our ability to engage in multidisciplinary research. Faculty from colleges and schools other than the School of Medicine hold partial appointments in the School of Medicine and participate in the teaching and research mission. Such interdisciplinary links, either on a single campus or between UC campuses, have a significant positive impact on students learning outcomes as well as new discovery in the medical field. As described to date, it is unclear how the proposed governance structure will represent intra and inter campus interactions. The expertise necessary to effectively represent these areas resides within UC faculty, and should be

reflected in the board composition. Furthermore, such expertise is not necessarily represented by two chancellors from UC campuses with academic health systems.

Before a hasty decision is made, I strongly urge the Regents be advised to study this issue further by consulting with faculty currently performing teaching, research and clinical duties at the UC academic health systems. The time provided to consult with the Academic Senate and their faculty on this matter was insufficient. It is important to gain a full understanding of the complex interrelationship between a campus and academic health system (beyond funding issues) not included in the consultant's study or in the proposal made to the Regents. The impact of this Regents decision will have a significant long-term impact on the University of California as well as our state.

Sincerely,



André Knoesen, Chair
Davis Division of the Academic Senate
Professor: Electrical and Computer Engineering

c: School of Medicine Faculty Executive Committee Chair O'Donnell

October 7, 2015

DAN HARE, CHAIR
UC Academic Council
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RE: Expedited UC-wide Review: Governing the University of California Health System and Proposal to the Regents of September 15, 2015 known as J2

On October 6th, the Irvine Divisional Senate Cabinet discussed the recent actions revolving around the proposed revision to the governance of the University of California Health System. Our response takes into consideration the broad goals articulated in the RAND report commissioned by the UC Health CEOs in the Spring of 2015:“(i) increased nimbleness to respond to a rapidly changing healthcare environment; and (ii) capacity to function as an integrated health system (rather than five autonomous medical centers and six autonomous medical schools) to capitalize on UC Health’s scale.” We also note that the primary motivations for the consideration of reorganization are operational concerns and a perception of ineffectiveness of the current administrative structure. Regents Agenda Item J2 (September 16, 2015) cites:

Among these [concerns] are a cumbersome approval process for health enterprise transactions and capital projects, especially for those with minimal financial impact on the University, and an approach to executive compensation that is ill-suited to meet the demands of an evolving, increasingly competitive market.

The CEOs also observed that more governance engagement with respect to strategy and oversight is desirable, but that such engagement is impeded by the absence of strong health system industry expertise on the Board and its inability to focus sufficiently on health system matters during bimonthly meetings convened to address the University’s governance and oversight generally.

Seven criteria were then identified as driving the consideration of an alternative governing model – 1) timelines and efficiency; 2) expertise; 3) strategic guidance; 4) system-level effectiveness; 5) alignment across the three missions of research, education, and patient care; 6) responsiveness to local conditions; 7) transaction costs and risks.

In the end, the document proposes a revision to the standing Committee on Health Services. The proposed makeup of the Committee would include 9 voting members – 6 Regents (including the President of the University); the Executive President, UC Health; 2 Chancellors (rotating) from campuses with Health Centers – and 4 non-voting advisors, appointed by the Regents. In addition to the changes in the composition of the Committee on Health Sciences, the Committee would be delegated authority to approve certain healthcare transactions.

We are citing all of this background material as a means to illustrate logical inconsistencies in the reasoning behind the culminating proposal.

We have four primary concerns.

1) Members of the Irvine Division Cabinet note the complete absence of Senate consultation throughout the entire process. At no point was the Senate invited to comment on, or participate in, any discussions resulting in the proposal to the Regents; the Senate only became aware of documents as they became public. This process of reorganization professes to strive for greater “alignment across the three missions of research, education, and patient care,” matters central to the Senate’s interests and purview, yet there has been no formal opportunity for Senate input in the entire process.

2) While the Cabinet felt that the 4 non-voting advisors could serve the institution well if they constitute a broad constituency with interests distributed over all seven criteria, there is concern that this change to committee composition is more focused primarily on increasing access to expertise from the health care industry. The cabinet was deeply concerned that Senate representation has been deleted from this committee; we urge that the current representation be restored and perhaps augmented with an additional faculty member with clinical experience.

3) We object to the inclusion of non-regent voting members for several reasons. Under the proposed revision, the Chancellors and the EVP would have voting privileges. This would explicitly give Chancellors voting privileges over matters on other campuses. The capacity “to function as an integrated health system” implies that the EVP would be granted even broader authority over the administration of UC Health and would be granted voting privileges not afforded any other administrative officer (except the President) in the Office of the President. The proposal also clearly states “[t]he Executive Vice President, UC Health or his designee would brief the Committee on all systemwide managed care arrangements negotiated by his office on behalf of the UC Health clinical enterprise.” In other words, the EVP would serve as both a primary consultant to a voting member of the Committee.

4) There is an almost complete absence of justification about how this reorganization would signal a marked improvement in the administration of UC Health Services. There is no articulation of how the reorganization of the Committee would achieve the seven stated criteria identified in the RAND report: 1) timelines and efficiency; 2) expertise; 3) strategic guidance; 4) system-level effectiveness; 5) alignment across the three missions of research, education, and patient care; 6) responsiveness to local conditions; 7) transaction costs and risks.

We thank you for the opportunity to comment and regret that due to time constraints there was limited opportunity to provide more thoughtful analysis.

Sincerely,



Alan Terricciano, Chair
Irvine Division of the Academic Senate Assembly
Professor: Dance

October 2, 2015

Daniel Hare
Chair, Academic Council

RE: Comments from the Los Angeles Division Regarding Regent's Item J2: UC Health Governance

Dear Dan,

At its meeting on October 1, 2015, the Executive Board discussed the recommendations resulting from the Rand Review of UC Health. Additionally, the Chair of the UCLA Faculty Welfare also provided comment.

Members were strongly supportive of the UCFW letter and the issues it raised. The UC Faculty Welfare letter objected to the proposal's failure to address the educational and research functions of our Health Systems. Members noted that it is these functions that help make the UC health systems competitive in the first place, what distinguishes the UC even today from other health systems, and what will sustain the UC in the future. We will never be able to out-Kaiser Kaiser Permanente or Cedars Sinai while being charged with these additional functions as is befitting several of our major universities. Yet there is no discussion of what makes a University Medical Center different from a traditional hospital and without that, how can one determine the priorities? It is unclear what is measured in terms of efficiency if one is not concerned about seizing market opportunities.

Some administrators may like central control over the program so they can build competitors to Kaiser and Cedars Sinai without the inconveniences imposed by an Academic Medical Center. But insofar as the educational aspects of the medical centers exist they will be part of campuses and therefore need to be responsive to campus leadership and faculty authority.

Several members also objected to the notion that such important changes be based on a on a quick study that admits that it could not really do a thorough investigation but instead relied on interviews and a literature review. These changes potentially have an effect far beyond the health system and would be extremely difficult, if not impossible, to unwind if these changes turn out to be ill-advised. They deserve more thoughtful consideration than they have been granted so far.

In addition, members noted that medical services are administered locally. It is difficult to see how a newly constituted Regents Committee, and all that it entails, would be in a position to know whether or not we ought to be acquiring a specific local clinical network entity, or pursuing a contract with a specific insurer. A specific group contract (e.g. Medi-Cal) may work for a Medical Center at Davis, or San Diego, or for political purposes for the Regents, but not necessarily for Centers in Los Angeles or San Francisco. Forcing these contracts on places where they will not work could be a consequence of centralizing the contracting functions. Thus, consolidating these functions may be helpful in one location, and hurtful in another. A firm boundary needs to be set between the coordinating activities of the proposed group and the autonomy required by Medical Services to conduct their business.

The Executive board also thought that the documents outline one problem and then suggest a response that does not actually address it. The problem identified in the Rand study is one of internal coordination of the medical centers. As pointed out in the Rand Report, the medical centers appear to have relatively little coordination or inter-campus oversight. They do have some coordination in their relationship to Dr. Stobo. And of course, they have reporting relationships to their chancellors because of their location on a campus. Perhaps, improving the communications at this level should be addressed.

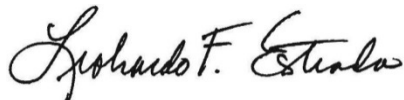
The faculty expressed concern regarding the proposed committee itself. This would be the first time that a non-regent would be placed on a regents committee with voting privileges. This proposal suggests that Dr. Stobo and two Chancellors from medical campuses join a Regental subcommittee on Health Care. In addition, there would be four non-voting individuals upon the recommendation by the Executive Vice President, in effect, by Dr. Stobo, on the Committee. Dr. Stobo has conflicts of interest when it comes to the health care of UC employees—as he is tasked both with responsibility for the financial health of the Medical Centers and with helping to determine the health care choices for all UC employees. It appears that this proposal is designed to give the medical center and his position the ability to pay executives higher salaries and to influence health and health insurance policy. Members were deeply concerned about this proposed grant of power. After all, this proposal allows health program-related decisions to be made that affect the faculty and staff of non-medical campuses without their representation.

Finally, the current composition of the coordinating group does not include faculty input and no representation of the Senate. Currently, the Committee on Health Services includes faculty representation; the Chair of the Academic Council serves as an advisory member. Omitting this faculty representation from the proposed committee is unjustified and unwarranted.

At best, the proposal should be considered a starting point for discussion. It is definitely not ready for implementation consideration. The faculty deserve to hear from our administrators, and they from us. That really has not been done in this instance, at least in a deliberative sense.

Please feel free to contact me should have any questions.

Cordially,



Chair, Academic Senate
Los Angeles Division

cc: Hilary Baxter, Executive Director, Systemwide Academic Senate
Jim Chalfant, Vice Chair, Academic Council
Michael LaBriola, Principal Policy Analyst, Systemwide Academic Senate
Linda Mohr, Chief Administrative Officer, UCLA Academic Senate
Megan Sweeney, Chair, Faculty Welfare Committee, UCLA Academic Senate
UCLA Academic Senate Executive Board Members



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October 2, 2015

DAN HARE, CHAIR
Universitywide Academic Senate

RE: Regents Item J2 – UC Health Governance

Dear Dan:

The San Diego Division convened an Ad Hoc committee to discuss the proposed amendments to Bylaw 12.7: Committee on Health Services, Standing Order 100.4: Duties of the President of the University, and Proposed New Regents Policy: Committee on Health services on September 29, 2015. Overall, the committee found the proposed changes troubling and echo the concerns presented in the letter from the University Committee on Faculty Welfare (UCFW) on September 29, 2015. Essentially the only aspect of the proposal that was viewed favorably was the granting of increased budget authority to the Chancellors and the academic medical centers to enable more effective management of the local enterprises.

Faculty Governance and Participation

As UCFW pointed out in their letter, by removing the Chair of the Academic Council as an advisory member, the proposed model not only completely removes faculty advice but also deprives the committee of the “hands-on expertise in relevant clinical, research, policy and educational activities”¹ that faculty can bring to the table. The missions of research and education fall firmly within the purview of the Academic Senate yet there are no meaningful mechanisms in the revised policy that allows faculty participation in this committee. Shared governance is an essential component of the University of California system and by excising the faculty voice, the proposed changes significantly undermine the principle of shared governance.

Committee Composition

The Ad Hoc expressed alarm at the inclusion of the Executive Vice President, UC Health as a voting member of the committee. No other Regents committee includes executive officers in their membership, let alone as voting members. As such, the inclusion of an executive officer on a Regents committee alone would be precedent setting. The inclusion of the Executive Vice President as a voting member subverts the function the Committee on Health is supposed to

¹ University Committee on Faculty Welfare, Letter to the Chair of Academic Council, September 29, 2015

serve. It is essential that the Regents committees remain empowered to act autonomously of the administration. The Ad Hoc strongly recommends that the role of the Executive Vice President, Health Sciences be limited to no more than an advisory role and that any members from the administration should not vote, as is the case on all other Regent Committees.

The Ad Hoc noted that the revised policy grants the committee substantial control over choosing their advisors. Best practices for board governance hold that advisors be sufficiently independent of the board, or in this case, the committee. By allowing the committee to select its own advisors, the independence necessary to cultivate the diversity of opinion that makes for effective advising is compromised. Selection of advisors by the Regent's Committee on Governance is the recommendation of the Ad Hoc Committee.

The revisions also provide that two Chancellors whose campuses include medical centers will be on the committee. The Ad Hoc was concerned that there was no selection process specified regarding how these Chancellors would be selected. The Ad Hoc recommended that a mechanism ensuring that membership would be rotated equitably among those campuses with medical centers is needed. In the absence of a clear process, membership could ostensibly remain with specific campuses to the detriment of others. Once again, the Committee on Governance could vet these appointments.

The Ad Hoc also pointed out the lack of clarity in what would constitute "appropriate expertise" for the non-voting advisory members. Ad Hoc members commented that much of this proposal prioritizes the business model at the expense of research and educational missions that are at the heart of the UC Health system. There is an abiding concern that the research and educational interests of medical schools are effectively sidelined when pitted against the business interests of university health centers. Our medical schools and the medical centers are intertwined; however there are clear areas where the needs of each entity diverge. The Ad Hoc recommended that the advisory members of this committee should (i) have specific terms so that membership can rotate and (ii) include individuals with expertise in teaching, research, and education, not just health and fiscal policy. For example, Ad Hoc members proposed that experts could be sought from agencies like the Association of American Medical Colleges (AAMC) or the National Institutes for Health (NIH) in addition to faculty from the UC Health system itself.

Scope of Authority

The Ad Hoc was struck by the extremely broad scope of the authority the proposal grants to the committee. For example, as mentioned by UCFW, the Ad Hoc saw no justification for the need to move capital projects away from the Committee on Grounds and Buildings. Arguably the Committee on Grounds and Buildings is in the best position to evaluate capital projects and should be allowed to continue to do so absent any real assertion that their existing performance of these duties has been inadequate.

Additionally, the Ad Hoc noted that the proposed revision to Bylaw 12.7(a) Scope/Jurisdiction, explicitly places the strategic plans and budgets for student health and counseling centers within the purview of the proposed committee. Members pointed out that generally, student health issues fall under the Student Affairs units of each campus. As written, it is unclear what the

effect of this provision would be on Student Affairs' ability to create and administer student health programming.

The Ad Hoc was especially concerned with the proposed language of Bylaw 12.7(d) which reads:

“Rule of Interpretation: The terms of this Section 12.7 shall prevail over any conflicting provision of the Bylaws, Standing Orders and Regents Policies. Further, Bylaw 8.3 shall not prevent Regent members of the Committee on Health Services from participating in administrative committees relevant to matters under the jurisdiction of the Committee.”

Members pointed out that the language of this section effectively elevates this committee beyond the reach of regular processes and could be interpreted to essentially allow the removal of fundamental components of Health Sciences governance away from the Regents. Members noted that great efforts have been made to increase trust in the transparency of University activity and the changes proposed here run the risk of compromising that trust and transparency.

While the Ad Hoc was supportive of the revisions that would increase the flexibility of approving UC Health transactions, overall it had serious concerns about the effects this proposal can potentially have on the University. Thus we urge the Regents to clarify the ambiguous terms and processes and reexamine the sweeping authority that is proposed to be ceded to this committee. Furthermore, it is essential to reinstate the faculty voice on this committee, consistent with the fundamental principles of shared governance that guide the University to help safeguard the unique role of academic medical centers as research and teaching institutions in addition to providing health care.

Thank you for the opportunity to comment on this very important issue.

Sincerely,

Robert Continetti
Chair, San Diego Division

cc: Kaustuv Roy - Vice Chair, San Diego Division
Hilary Baxter – Executive Director, Systemwide Academic Senate
Ray Rodriguez – Director, Academic Senate Office
Tara Mallis - Senate Analyst

October 2, 2015

J. Daniel Hare, PhD
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Re: UCSF Comments on Regents Item J2 – the Governance Structure
of the Regents' Committee Health Services

Dear Dan,

As the only purely health sciences campus in the UC system, the San Francisco Division is very interested in the proposed changes to the governance structure of UC Health, which would amend both the Regents' Bylaw 12.7 and Standing Order of the Regents 100.4. The San Francisco Division has concerns over the revised membership of the Regents' Committee Health Services; as well as unintended consequences on advancement and promotion of UC medical sciences faculty, especially those in the clinical series.

As currently proposed, the membership of the Regents' Committee on Health Services would retain six Regent members (including the President of the University), but it would add the Executive Vice President of UC Health; two chancellors from UC campuses with academic health systems; and four non-voting members with expertise related to health care, academic health systems, mergers and acquisitions, and related fields. While the UCSF Division is not opposed to such a configuration, it feels strongly that a non-voting Senate faculty member should be added to the Health Services Committee. We also believe that the addition of a well know clinician, who has demonstrated strong interests in the academic institution would be an excellent choice for the faculty representative. Such a representative would serve in the same manner as the faculty representatives on the general Board of Regents (e.g., the systemwide Senate Chair and Vice Chair), as articulated in Regents Policy 1201 – in an advisory capacity and be invited to “be seated at the meeting table with full participation in discussion and debate.” In addition, we recommend that the Senate play a significant role in the selection of the four non-voting members of the Health Services Committee. As the leading experts in their respective fields, health sciences faculty are perhaps best-placed to comment on the nominations for these seats. Above all else, these non-voting members should be external to the University, in order to avoid any conflicts of interest.

Members of UCSF's Committee on Academic Personnel expressed concern about possible impacts of changes in governance of the UC health enterprise on faculty advancement and promotion, especially for faculty members in the clinical series. While the Committee on Health Services would likely focus heavily on health center leadership positions,

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Committees

Academic Freedom
Academic Personnel
Academic Planning &
Budget
Clinical Affairs
Committee on Committees
Coordinating
Courses of Instruction
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Faculty Welfare
Graduate Council
Library & Scholarly
Communication
Privilege and Tenure
Research
Rules and Jurisdiction
Sustainability

Faculty Councils

School of Dentistry
School of Medicine
School of Nursing
School of Pharmacy

University of California

Academic Assembly of UC
Academic Council of UC

nationally there has been a trend towards separating clinicians from academic faculty appointments. This trend could impact teaching and research programs, and the desirability of UC positions. Thus, we believe that it is important for the Senate to maintain the responsibility for advancement and promotion of all faculty and that the Senate's role in joint governance be reflected on the Committee on Health Services by the appointment of a non-voting faculty member.

Thank you for the opportunity to comment on this important proposal. If you have any questions on our comments, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Ruth Greenblatt". The signature is written in a cursive, flowing style with some overlapping letters.

Ruth Greenblatt, MD, 2015-17 Chair
UCSF Academic Senate

October 2, 2015

Ruth Greenblatt, MD
Chair 2015-2017
UCSF Academic Senate
500 Parnassus Ave, MUE 231
San Francisco, CA 94143

Re: Committee on Academic Personnel Position on UC Health Proposal

Dear Senate Chair Greenblatt:

Thank you for requesting feedback from UCSF Senate Standing Committees on the recent UC Health proposal presented to the UC Regents.

The Committee on Academic Personnel (CAP) Chair and Vice Chair reviewed and discussed via an email exchange some of the issues raised by the Compensation section of the proposal. Section in question reads as follows:

Compensation

To the extent appointment and compensation of UC Health employees might otherwise require approval of the Regents or any of its committees, the Committee on Health Services would be delegated such authority, to be exercised consistent with a benchmarking framework developed and approved by the Committee on Health Services. This delegation would extend only to those individuals whose incomes are derived exclusively from sources other than the State General Fund. For individuals whose incomes are supported in whole or in part by the State General Fund, the Committee on Health Services could make recommendations to the Committee on Compensation for that Committee to make recommendations to the full Board. (page 5)

This above section raises advancement and promotion concerns for those faculty wholly funded by the State General Fund:

1. In general, does the review of such faculty's advancement or promotion packet fall under the domain of UC Health, or would it remain under the purview of the Academic Senate for the respective campus?
2. If it falls under the domain of UC Health, what metrics would be used to determine advancement and promotion – and would a body of their peers be involved in the review?
 - a. Further, would the UC Systemwide Academic Personnel Manual (APM) remain the benchmark by which faculty are measured?
3. And in particular, if in the future such faculty might seek a Change in Series personnel action through their Department to a position that is partially or wholly funded by the State, how would such faculty be accommodated?
4. Finally, if it is the intention that compensation be separated from academic appointment for those faculty within UC Health “whose incomes are derived exclusively from sources other than the State General Fund”—and that advancement and promotion through an academic series remains with the respective Academic Senate—we would recommend language be included in a future proposal to specify this.

We appreciate hearing that Executive Vice President of UC Health Dr. John Stobo has advised the Systemwide Senate that a revised Committee on Health Services would have advisory input into such areas, even though the administrative responsibility would not change.

However, as the UC Health proposal is further reviewed and developed, the leadership of the UCSF Committee on Academic Personnel (CAP) would request further information be included that delineates specifics related to these important faculty matters.

Sincerely,

Jeffrey Lotz, PhD, Chair
Kirsten Fleischmann, MD, Vice Chair
Committee on Academic Personnel



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
Calvin Moore, Chair
cmmoore@math.berkeley.edu

Assembly of the Academic Senate
1111 Franklin Street, 12th
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September 29, 2015

**DAN HARE, CHAIR
ACADEMIC COUNCIL**

RE: UC Health Governance

Dear Dan,

The University Committee on Faculty Welfare and its Health Care Task Force (HCTF) continue to monitor the proposed changes to the oversight and governance of UC Health as discussed by the Regents at their July and September meetings. It is expected that a final proposal for action will be considered at the November Regents meeting, and we feel that the Senate's roll and that of shared governance must be reasserted now.

The current proposal¹ would add non-Regent voting members to a reconstituted Committee on Health. The non-Regent voting members would be the senior Office of the President executive for health and two chancellors from medical center campuses. Importantly, the reconstituted committee would drop its current advisory members, including the Chair of the Academic Council. We do not support these changes.

The goals to act more nimbly with medical center project decision-making and to better coordinate health system activities do not seem sufficient to warrant changes of this magnitude. We question the need to move capital approvals out of the Committee on Grounds and Buildings²; there is no assertion that Grounds and Buildings cannot adequately evaluate project proposals, and consideration of other factors, such as personnel acquisition and the securing of state permits and the like, would negate the nimbleness sought. Furthermore, the "Rule of Interpretation" in proposed section 'd'³ is overly broad and, when considered together with the desire for rapidity, suggests UC Health wants to operate with autonomy; such a course is inadvisable because, *inter alia*, academic programs with the general campuses could be jeopardized, system finances could be negatively impacted, the research mission could be diminished.

Second, the addition of non-Regent voting members would be a significant change in governance, and the justification for such a radical change is not strong. Granting the senior executive for health at the Office of the President a vote on the Board would significantly alter the role, function, and perception of the office; the consequences of this change, including conflict of interest considerations, should be

¹ <http://regents.universityofcalifornia.edu/regmeet/sept15/j2.pdf>

² See proposed revised Bylaw 12.7, c.2: <http://regents.universityofcalifornia.edu/regmeet/sept15/j2attach1.pdf>

³ See proposed revised Bylaw 12.7, d: <http://regents.universityofcalifornia.edu/regmeet/sept15/j2attach1.pdf>

more fully and openly debated. Parallel concerns should be raised regarding the extension of voting rights to a subsection of medical center chancellors vis-à-vis the interests of the university as a whole. The Regents' Committee on Investments has enjoyed non-Regent advisory members, and we think this structure is more defensible. The selection of external advisors, however, would benefit from greater transparency and vetting than what is included in the current draft. Regents should remain as the only voting members because they are charged to protect the entire University, not one part, however significant.

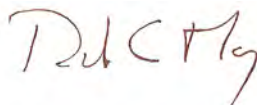
Third, the removal of the faculty advisory role is unexplained and unwarranted. We urge that the faculty voice be added back into the oversight functions of any reconstituted Committee on Health, and that the input of faculty members be received in the same manner as that of other non-voting, specialist members of the committee. Consider: The faculty have considerable hands-on expertise in relevant clinical, research, policy, and educational activities and would bring that needed voice to the table.

For example, without the faculty voice, there is an increased chance that decisions will be made strictly on the basis of a perceived business case. Faculty would vigorously raise significant philosophical and practical objections to the expanded jurisdiction proposed for the committee, which could put medical center finances in a superior position to insurance program functions and thus health care delivery to employees and the public. Similarly, changes to the health education programs should be undertaken by the faculty who teach the programs, and not in response to the operational needs of the medical centers.

Finally, we remind you of the strategic functions shared governance enhances, and of the untold benefits faculty expertise has brought to the University.

Thank you for your service,

Sincerely,



Calvin Moore, UCFW Chair

Robert C. May, UCFW-HCTF Chair

Encl.

Copy: UCFW
Hilary Baxter, Executive Director, Academic Senate



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
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July 31, 2015

**MARY GILLY, CHAIR
ACADEMIC COUNCIL**

RE: Rand Review of UC Health

Dear Mary,

The University Committee on Faculty Welfare (UCFW) has read and discussed the Rand report of UC Health presented to the Regents at their meeting of July 22, 2015¹. Both UCFW and its Health Care Task Force (HCTF) have significant concerns with the study's recommendations and their implications.

The Rand report suggests that a different reporting structure may be called for between the UC health system and the Regents. The rationale is that centralization among the separate health centers may improve efficiency, productivity, and quality of care, while cutting costs. Furthermore, it is asserted that in today's health care environment, we need a more nimble process for reviewing and approving issues related to healthcare. Finally, it is asserted that health care issues are so complex that it challenges Regents' capabilities to understand the issues.

The report was drawn up precipitously from March to June 2015 and involved consultation from Rand with hospital directors and chancellors. It is notable that no faculty input was obtained nor was the Senate consulted.

Many of the premises of the reports are sensible. Health care issues are complex, but not necessarily more complex than many other issues that confront the university. What is striking however is that this is not a small segment of the University. Thirty-five percent of UC faculty work in health sciences and the amount of money at stake in UC Health is vast, approximately 45% of the UC's operating expenditures². Furthermore, this is indeed a rapidly changing environment and continued Regental attention to this area is a necessity.

Thus, the idea of an outside board of experts to advise the health system may be meritorious, but a necessary first step is to clarify the scope of responsibility of any proposed new boards. It may indeed be sensible to liberalize decision making from the restraints of Regental approval for projects anticipated below a certain threshold, but one would need considerable discussion about what that threshold should be.

¹ <http://regents.universityofcalifornia.edu/regmeet/july15/h1attach.pdf>

² <http://accountability.universityofcalifornia.edu/2015/chapters/chapter-11.html>

Additionally, the goal of “nimble decision-making” should not be assumed to be equivalent to “good decision-making”. We are concerned that the perspective of a business consultant seeking to maximize efficiency and profitability, in part through facilitating flexibility in operational decision-making, is seen as the only perspective considered by the study and those who have discussed it publicly. While UC Health has made a number of shrewd decisions that have improved coordination, etc., UC Health has also made some precipitous, ill-advised decisions (viz., the overly early roll-out of UC Care in 2014). Furthermore, the introduction of an oversight committee between UCOP and the Regents does not ensure a “nimble” process. Nor does the recognition that decisions on health care issues in the University result from a complex process suggest that nimbleness is an optimal way to make such weighty decisions.

It is also important to emphasize that the clinical enterprise exists as an essential component of the educational and research missions of the University. Were it not so, one might argue that the enterprise should not be a part of the University at all. Because of the interrelations between the health sciences and education and research missions, it is essential to consider to the views of those charged with the responsibilities for the research and educational missions, mainly the faculty. Thus, any departure from the current process, even though such departure may be of value, should consider the views of all parties – and especially the faculty – before any steps are made to implement new governance ideas.

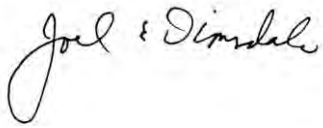
Furthermore, it is problematic to include only the UC campuses that have health care systems on the decision making bodies. Assuming that UC Health investigates further network changes, it is crucial to have representation of non-health care campuses. Non-health sciences faculty have an interest in these issues because of health insurance and health care that is offered to employees, and because UC Health decisions will clearly affect many faculty and their dependents. UC Health decisions have to balance the business interests of the medical centers with employee interests in affordable, high quality health insurance and care. (These goals would be better achieved under the Rand Option 2.)

Accordingly, UCFW urges the Council to request immediate formal involvement in any discussions regarding any change of governance of the medical centers. (UCFW also encourages the Council to consider nominating a number of candidates for positions on any advisory or oversight board, although whether those nominees would represent the Senate or serve as subject-matter experts will require deliberation.)

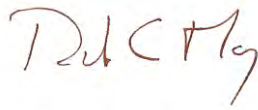
Should an outside board be pursued, one would need to insure that board members are widely respected and truly independent experts who would be free and encouraged to offer different perspectives from those proffered by leadership at UCOP. Dr. Stobo suggested specific experts in hospital administration to the Regents, but UCFW thinks it would be more appropriate to frame this in more general terms. If the goal is to empanel highly regarded and trustworthy experts to advise on health science matters, UC should pursue Option 2, where UC can select and appoint such experts; in Option 3, appointment power could become gubernatorial selections.

Ultimately, only the Regents have the perspective of the entire university in their purview and one would need to be exceedingly cautious in removing their authority from such a large segment of the university.

Sincerely,



Joel E. Dimsdale, UCFW Chair



Robert C. May, UCFW-HCTF Chair

Copy: UCFW
UCFW-HCTF
Hilary Baxter, Executive Director, Academic Senate
Academic Council



UNIVERSITY COMMITTEE ON RESEARCH POLICY (UCORP)
Judith Habicht Mauche
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Academic Senate
1111 Franklin Street, 12th Floor
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October 2, 2015

**J. DANIEL HARE, CHAIR
ACADEMIC COUNCIL**

Re: UCORP Comments on Regents Item J2 – Proposed Revisions to the Governance of UC Health

Dear Dan:

UCORP agrees strongly with UCFW and the Health Care Task Force that when considering the future governance of UC Health, it is “important to emphasize that the clinical enterprise exists as an essential component of the educational and research missions of the University.” Thus, it is imperative that any new Regental level governance structure for UC Health include adequate faculty Senate representation to ensure that teaching and research concerns are given equal weight with business considerations in decision making processes.

Sincerely,

Judith A. Habicht Mauche
Chair, UCORP

Cc: UCORP Representatives
Hilary Baxter, UC Systemwide Academic Senate Executive Director