

May 31, 2023 Briefing Transcript

Speaker 1: Dr. Podolsky:

Good morning. I'm Dr. Daniel Podolsky, President of UT Southwestern Medical Center, and I welcome all of you who are joining me for this 65th campus briefing since we began these updates in April of 2020. In the midst of the growing pandemic at that time, these were weekly updates, but as things have evolved and we see the waning of COVID-19, those who are regular in joining me will know that we've moved in this past year to monthly briefings. And with the pace of things on campus returning to a more normal cadence, I think we will indeed space these out even a little further. And in that spirit, we'll all take the summer off from these briefings, and I will plan to return with our updates in September. Nonetheless, I look forward to these briefings as an opportunity to share with you our priorities and also to address the questions, as we will do after I share my own remarks about developments since our last [update]. So let me get into the substance of that update.

On Monday midnight, the 88th session, regular session of the Texas Legislature came to a close. As I've noted in prior briefings, the legislative session is important to our institution in many ways, as our elected leaders set the course for the state, and along with that, appropriations for UT Southwestern. I'm pleased to say that in the budget, which was passed by the 88th Texas Legislature, there was strong support for UT Southwestern. Nearly all of our priorities were funded. That includes our research operations performance formula, which matches our performance in the form of the success of our faculty and their research teams, growing our research funding from other sources, such as the National Institutes of Health, being matched by the state. In addition, we received some additional supplemental funding for the launch of our school, the O'Donnell School of Public Health, and, although not directly appropriated to UT Southwestern but rather to the Health and Human Services Commission of Texas, the Legislature also provided the additional funding needed to complete construction of the Texas Behavioral Health Center at UT Southwestern, which is now under construction at the south end of our Medical District and campus.

So all in all, a very successful legislative session in supporting the mission of UT Southwestern. I want to give special thanks to Angelica Marin Hill, who's our VP for Government (Affairs and Policy), who did such an effective job in representing our priorities and getting us to this excellent outcome. Of course, the Legislature did much more than formulate a budget. Important policy issues were established and I know there are questions about those, so I'm going to defer comment until I come to answer those questions before wrapping up this briefing.

Moving beyond the state appropriation, we are deep in the midst of formulating the budget for our next fiscal year, which begins September 1. As I noted in my last briefing, we face significant headwinds. These are the same headwinds being faced by really all of our counterparts across the country. Challenges of inflation driving up our expenses, whereas our contractual sources of revenue are increasing at a much slower rate. Nonetheless, there's been excellent progress, I think, led by our Chief Financial Officers and our Chief Business Officer, Executive Vice President Holly Crawford. I appreciate all the hard work that so many of you have done. As we meet this challenge, without question, it is taking a

degree of discipline that goes beyond really any of the prior budget setting periods, as I think back on my 15 years here at UT Southwestern.

And I want to make note of two very important and happy events that we celebrated in the past month, the commencement ceremonies for both our School of Medicine and our Graduate School of Biomedical Sciences. The graduation for our medical students took place at the Meyerson Symphony Center on May 11, and in addition to receiving their diplomas, the students and their guests had an opportunity to hear from our commencement speaker, Dr. Jim Madara, CEO and Executive Vice President of the American Medical Association. For those of you who did not join us, I really would encourage you to take the time to hear his speech for the insight that he provided; that's available on our intranet site. And on the 18th, we celebrated the graduation of more than a hundred of our doctoral students in our own Gooch Auditorium. Our students heard insights from Dr. Joan Conaway, Vice Provost and Dean of Basic Research. I congratulate all of those students and we all wish them well in the next chapter of their journey to become physicians and scientists.

The good news goes beyond those commencements. On May 2, two of our colleagues from our faculty, Drs. Russell DeBose-Boyd and DJ Pan, were elected to the National Academy of Sciences, which brings our institution's total number of NAS membership to 26, surpassing by a fair margin any other institution in the state of Texas. For those who may be less familiar with the National Academy of Sciences, it is truly one of the highest professional honors attainable in the field of science, and I'm extremely proud to see two of our colleagues recognized for the importance of their contributions. And this is just one more reflection of the commitment to excellence in science, which has distinguished UT Southwestern and established its standing worldwide virtually since its earliest days.

With that, I do want to take some time to talk about the priorities for the remainder of our academic year. We have indeed accomplished a tremendous amount in the first three quarters of the fiscal year, and as we begin June and the start of our final quarter, I'm confident that this last quarter will prove to be just as busy and successful. We are continuing to make progress on some of our institution's major strategic initiatives and projects. In April, as I believe was imminent at the time of my last briefing, we actually did go ahead and open our newest Regional Center Clinic in Cypress Waters in Coppell. And I wanted to make you aware of the site's extended hours. The practice there operates from 7:00 a.m. to 7:00 p.m. on weekdays, and from 9:00 a.m. to 1:00 p.m. on Saturdays for acute care visits. I mention this not only insofar as you might share it with your friends and neighbors, but for those who are interested in access to UT Southwestern's health care, particularly primary care, this gives additional possibilities.

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Speaker 1: Dr. Podolsky:

Other important priorities that continue to progress are major capital projects, with construction continuing on both the new Texas Instruments Biomedical Engineering and Sciences Building, and the Texas Behavioral Health Center at UT Southwestern. Having spent part of the afternoon yesterday touring the new Biomedical Engineering and Sciences Building, I can see that it will truly be a special environment for our newest department on campus, our Biomedical Engineering Department, led by Dr. Sam Achilefu, and create an environment that will promote both innovation and collaboration. I remind you that this project is unique for us in (that it is) being done jointly with colleagues from UT Dallas, which will bring together their bioengineering faculty with ours and students as an important part of that mix. We are preparing to open the building at the end of the summer and plans are underway for a dedication ceremony in the early fall.

Another important threshold is upon us. Tomorrow we welcome our inaugural Dean of the Peter O'Donnell Jr. School of Public Health. That's Dr. Saad Omer, who comes to us from Yale, where he has been the Director of the Yale Institute for Global Health and is a world-renowned epidemiologist. He comes even as students are already enrolled. Two weeks ago, our first degree candidates began their studies. These are students who have joined us to pursue both the M.D. and the Master of Public Health degrees. Later this summer, we will have our first cadre of students who will be coming primarily or exclusively for the Master of Public Health. And to remind you, this is all ahead of anticipating the arrival of our first, or the enrollment of our first doctoral students for the School of Public Health next summer.

In parallel with all of that, planning is actively progressing in partnership with the Children's Health System of Texas for the new pediatric campus, which will be constructed on our North Campus directly across from Clements University Hospital, the site where currently the structures of the Bass Center sit. For those of you who have been by that part of the campus, you'll note that the preparations are well along for the demolition of the site, which will clear the way for beginning the construction of that new pediatric campus in early 2024.

I'm going to come now to something that usually started these briefings from its earliest days, COVID-19. The start of the month brought a significant milestone for our Institution, due to the decrease in COVID-19 cases across the region as of May 1, masking was no longer required in direct patient care areas, with just a few exceptions where there are patients who are especially vulnerable to infection. That would include our Bone Marrow Transplant Unit and our transplant clinics. And we also implemented new return-to-work policies, which in essence do not require negative tests, but a period of five days from first diagnosis.

Just to give you a sense of where we are, our census at Clements University Hospitals continues to be in the mid-single digits. I believe it was four yesterday. I haven't seen this morning's numbers quite yet. But across the region yesterday there were 106 patients representing 0.8%, 0.8% of beds being filled by patients being cared for COVID-19. So it tells us that it has not disappeared, but clearly we're at a place where it is really a small fraction of the challenge that it was not that long ago.

I've talked about some great events in this past month that were celebrated. Now I'll take a forward-looking view of that in anticipation of Employee Recognition Week, which officially kicks off on Monday, June 11. (A) variety of events and activities are being planned by our Employee Advisory Council, and I appreciate the great work that the EAC does throughout the year. Please be on the lookout for more information on *Today at UTSW* and on the intranet in the days to come. I do want to make special mention of the meeting this year of our Quarter Century Club, which is scheduled for Tuesday, June 13. It's my honor and privilege at the annual luncheon of the Quarter Century Club to welcome those who have reached the career milestone of 25 years of service at UT Southwestern.

This year that will mean 49 new members who have reached that really, really impressive milestone. But in addition to those 49 new members, 34 colleagues will be recognized for having achieved the milestones of 30, 35, 40, and 45 years of service. These individuals epitomize the kind of commitment that makes UT Southwestern the very special place that it is, and I look forward to celebrating all of those for their contributions to UT Southwestern. To learn more about this year's honorees, I encourage you to read the June/July issue of *Center Times*, which will be available around the campus very soon. It includes the stories of each of these individuals, and I will say, having had the opportunity to see it ahead of its distribution, it's truly inspiring.

Also, (I'm) pleased to note that our colleague, Dr. Eric Olson, our Chair for our Department of Molecular Biology, and also a member of the NAS, to tie this to an earlier part of this briefing, Dr. Olson will be this year's keynote speaker. Also forward looking, I want to remind everyone that June is Pride Month. This year our LGBT and Allies Business Resource Group, along with the Office of Diversity, Equity, and

Inclusion, will help us celebrate by hosting a Pride month celebration. The month will start with a Pride brunch and a parade celebration that will kick off at the Seldin Plaza and culminate with our participation in the Dallas Pride Parade on Sunday, June 4. Last year, hundreds of students, staff, faculty, and trainees were part of our celebration, and I certainly hope that those and more will join this year again.

This year's signature event will feature keynote speaker Russell Poole, Chief Information Officer and Vice President for Information Resources here at UT Southwestern, and it will be held on June 21 from noon to 1:00 in the D1502 lecture hall. It will also be livestreamed. And all members of the UT Southwestern community are welcome. I'll note also that June 19 will be the celebration of Juneteenth Day. As you will likely all recall, in 2021, Juneteenth was proclaimed as an official federal holiday, and to commemorate the holiday and Juneteenth this year, the African-American Employee Business Resource Group will partner with Nutrition Services to offer a traditional Juneteenth menu during lunch from 11 to 1:00 PM at the CUH Pavilion. And I encourage everyone to attend and participate in this as well. Lastly, initiatives such as the Health Care Scholars Summer Internship Program, Summer

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Speaker 1: Dr. Podolsky:

Undergraduate Research Fellowship, or SURF and STARS, will welcome hundreds of summer interns on our campuses.

And the last matter I'll touch on because I know it's of interest to many here, is to report that the search for the next permanent Executive Vice President for Health System Affairs is progressing under the leadership of Dr. Andy Lee, our Provost and Dean, with a committee of 15 members really representing a broad cross section from our campus. The committee had the opportunity to review a dozen really outstanding candidates and will now be progressing in a second round to campus visits for those who they identified as especially promising candidates for this very important leadership role in our campus. I certainly look forward to sharing a successful outcome for that search as it gets to its conclusion.

With that, I'm going to conclude my remarks and turn to Jenny Doren, as I have in each of the 64 prior briefings, to pose the questions that you forwarded for this morning.

Speaker 2: Jenny Doren:

It's an honor to be here and thank you for that, Dr. Podolsky. I'd like to begin by building on your opening remarks. We did receive several questions related to the 88th Legislative Session now that that has concluded and I'm curious if you can comment any more on how it impacted our strategic goals such as the construction, as you mentioned briefly, of the Texas Behavioral Health Center at UT Southwestern?

Speaker 1: Dr. Podolsky:

Well, as I did touch on in my first remarks, this was a successful session as at least judged through the lens of the state budget and appropriation for UT Southwestern. It represented a 13% increase in our appropriation, which is the largest increase that we have had certainly in the eight sessions at which I've been a party to as the President of UT Southwestern. In supporting our overall appreciation that broadly supports our mission, I would point out that our support from the state is directed exclusively in support of our academic missions. That means supporting our educational programs and our research infrastructure. It does not support either our clinical facilities or our clinical programs, but in supporting those educational programs and those research programs, it allows us to really maintain the vitality of

those without what otherwise would be necessarily a level of, if you will, cross funding off the Health System. It benefits the Institution in its entirety, even if it has some very directed applications.

Beyond that broad support for UT Southwestern, as mentioned, (the) legislature did provide the additional funding necessary to complete construction of the Texas Behavioral Health Center at UT Southwestern and that will remain on course. As you can see going down to south end of the campus, things are progressing there. Right now they're completing sinking the piers necessary for the foundations of the hospital, but it is on schedule. The portion of the hospital that will serve the adult population, comprising 200 beds, will be completed in mid to late 2025. We expect completion of the remainder of the facility, which will serve up to 100 or nearly 100 pediatric patients about six months later. All in all, as I've said already, a successful session.

Speaker 2: Jenny Doren:

Sticking with government affairs, what impact, if any, will Senate Bill 17, that's the one related to diversity, equity, and inclusion for our listeners, have on our business resource groups and the programs they have in place?

Speaker 1: Dr. Podolsky:

Well, I appreciate the question. We certainly have followed this legislation very closely since it was first introduced with very different versions, at least at the starting point coming from the Senate, so that is Senate Bill 17, and compared to its counterpart in the House. This has really only been finalized within the last days of the session and we are still studying, understanding what its implications will be for UT Southwestern. We appreciate the insights provided by our colleagues in Legal Affairs led by Erin Sine, Vice President for Legal Affairs. Also Angelica Marion Hill as mentioned before, Vice President for Government Affairs and Policy. As said, we want to understand what our full obligations are and how it will impact it.

Our initial impressions with respect to the BRGs is that at least some of those will continue in the work that they do and in the manner that they do (it). Some of those may require some evolution or change. We don't know whether some may be required to sunset based on this legislation. I do appreciate the concern.

I want to take the opportunity to make it clear that the values that get wrapped up in that phrase, DEI, remain central core values for us at UT Southwestern. We are and will remain an inclusive institution. We want to be sure that it's an environment that attracts the very best wherever they come from in terms of their community and identity. We will just need to see how this legislation impacts many of our ongoing programs. I would note that it does not impact at all any of our efforts to attract a diverse student base that's explicitly excluded from any of whatever the implications of this bill are. I think we can be proud that in fact we have one of the most diverse classes, certainly in our School of Medicine, in the country.

Speaker 2: Jenny Doren:

For sure, and I know we'll communicate more as we learn more.

Shifting to business affairs and campus operations, can you now speak on the progress UT Southwestern has made in addressing our environmental impact as well as the work being done to anticipate the health risk from the changing climate?

Speaker 1: Dr. Podolsky:

Well, sustainability is certainly a continued focus for our institution and those who have been regular attendees, so to speak, of these briefings or participated in the last month's State of the Campus address in town hall, will know that we have formed a new environmental impact study and sustainability improvement work group. That group has been tasked with providing an updated environmental assessment of our campus and opportunities to mitigate our impact in terms of the environment. That includes not just our carbon footprint, but our use of other vital resources such as, for example, water. That group is tasked with coming forward with recommendations by the end of this fiscal year, so that means by the end of August, so we'll have much more to share in September.

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Speaker 1: Dr. Podolsky:

It's already undertaking an engineering study of greenhouse gas emissions and opportunities to reduce our impact on the environment. As an institution, we are utilizing state energy conservation office and lead criteria for sustainable design standards and performing energy use index monitoring to meet our system goals. Other recent improvements include upgrades to LED lighting in our parking garages and the use of occupancy and motion sensors to reduce energy usage from lights and ventilation. We've installed smart controllers on our landscape sprinklers to reduce water usage and are now using low flow water fixtures.

Recycling efforts continue across our campus, including a volunteer-driven program of Styrofoam recycling within our laboratories. I'd also like to note a recent environmental award, Stryker Sustainability Solutions Environmental Excellence Award, received by Clements University Hospital for its recycling and sustainability. Additionally, you may not be aware that last year Seaway saved more than \$25,000 and diverted more than 15,000 pounds of waste. These details and more were shared in this month's sustainability letter. For those who are interested in accessing that or for more details, you can email utsw.sustainability@utsouthwestern.edu.

Speaker 2: Jenny Doren:

Also related to business affairs, what percentage merit increase has been approved or is being considered for this current performance appraisal year? Will it be the same percentage across the board for both salary and hourly employees?

Speaker 1: Dr. Podolsky:

I've mentioned in my briefing remarks that we are facing a very challenging budget environment, but we have set as our highest priority to be sure that we construct a budget that does allow for a merit pool and that merit pool will be 3% and by area of the campus and that applies for salary and hourly full-time employees. We are looking to our leaders across departments to make the merit judgments based on performance. It is up to each supervisor to determine who qualifies for a recommended level of merit. The average merit across the campuses as a whole, I want to emphasize, is 3%. We are achieving that, by the way, by asking our managers and supervisors to generate savings in other ways so that we have the funds available to provide the well-deserved merit support for our employees.

Speaker 2: Jenny Doren:

Speaking about finances, how is UT Southwestern preparing for a potential cliff in Medicare reimbursements? Some sources indicate that the program could be insolvent by 2028, and that Part A reimbursements may be cut as soon as mid 2024.

Speaker 1: Dr. Podolsky:

Well, I appreciate the question and interest in our financial health as an institution. I'd like to say first I find it unlikely or extremely unlikely that Congress will allow Medicare Part A to become insolvent. For those who are unaware, Medicare Part A, which is funded through payroll taxes, covers inpatient hospital services, equipment, medication, and tests. This inpatient portion of Medicare also applies to a limited amount of time in a skilled nursing facility following a hospital stay as well as hospice care and home health care. Unfortunately, the small increases in Medicare payment each year are a small fraction of inflation and so therein gets to the challenge that I described at a very high level where expenses such as the cost of the medications as we purchase them to provide to our patients go up by double digits but some of the most important funders like the government in the form of Medicare, their payments go up in low single digits and even low meaning 1% or 2%.

It's not that we face a cliff; we face an ongoing challenge, which with great work by a lot of our financial team and our chief financial officers and in many of our administrative offices, we continue to manage. As a Health System, we are focusing our Medicare care coordination efforts to ensure our patients are always cared for as safely and efficiently as possible. Doing that efficiently is the means by which we end up being able to manage through that differential between the costs that we cannot control, such as, again, to use the example of medication and the level at which we're reimbursed by payers such as Medicare. We don't expect a cliff. We expect to just continue to have to do the hard work to meet that differential.

Speaker 2: Jenny Doren:

Well, thank you for providing those additional insights. We also received a question about health care plans available to employees and whether we can expect any changes to those available in FY24. Anything you can share about that?

Speaker 1: Dr. Podolsky:

It's certainly a timely question given that our annual benefit enrollment period is just around the corner. I will take the opportunity to remind you that in terms of these plans and, for that matter, the entire suite of benefits, those are really established at the UT System level and not by UT Southwestern as an individual campus. We will all have the opportunity to view enrollment options in the window between July 15 and July 31, and that's the time in which each of us can make our selections for the next fiscal year. We are in touch with the system and we know that they are working to finalize the options. We don't have those details yet, but we'll be communicating them just as soon as we do. In the meantime, this is a good time to start thinking about your current coverage and considering what may work best for you and your family in the upcoming plan year, which would begin of course with the new fiscal year of September 1.

I certainly want to reserve judgment until we see it, but I don't expect there will be certainly any radical change or even major change in the shape of our benefit and particularly our health care plan. Again, we will need to see when those are finalized and communicated to us by the systems. If changes are not made during annual enrollment, just to come back to you thinking about your own circumstance, you'll have to wait until the next annual enrollment period unless a qualifying life event occurs. In terms of what is a qualifying life event, you can find that on the benefits website. Again, watch for additional communications, including details on a virtual benefits fair option. We will also host two in-person benefits fairs on Wednesday, July 19, and the following Wednesday, July 26. Finally, several webinars will also be available to ensure each of you has access to information you need to make an informed decision about your benefits.

Speaker 2: Jenny Doren:

I believe that is all the time we have for questions this morning. We'll be sure to post the remaining answers to other questions received on our website.

Speaker 1: Dr. Podolsky:

Thank you, Jenny, and I hope everybody listening has a wonderful summer, and I look forward to our briefing in September to fill you all in on what has taken place in the meantime.

Speaker 2: Jenny Doren:

Thank you very much.

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