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University of South Carolina
BOARD OF TRUSTEES

Health Affairs Committee – Called Meeting

February 12, 2020

The Health Affairs Committee of the University of South Carolina Board of Trustees met in a called meeting at 11:00 a.m. on Wednesday, February 12, 2020, by telephone conference, hosted from Room 206B in the Osborne Administration Building.

Members participating were Dr. C. Dorn Smith III, Chair; Mr. Robert F. Dozier Jr.; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. Richard A. Jones Jr.; Mr. Mack I. Whittle Jr.; Mr. Charles H. Williams; Mr. John C. von Lehe Jr., Board Chairman; and Mr. Hubert F. Mobley, Board Vice Chairman.

Other Board members participating were Mr. C. Dan Adams; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. A. King Dixon II; Mr. Toney J. Lister; Mr. Miles Loadholt; Ms. Rose Buyck Newton; and Mr. Thad H. Westbrook.

Also participating were USC Columbia Faculty Senate Chair Mark Cooper and USC Columbia Student Government President Luke Rankin.

Others participating were President Robert L. Caslen Jr.; Secretary J. Cantey Heath Jr.; General Counsel Walter “Terry” H. Parham; Interim Provost Tayloe Harding; Senior Vice President for Administration Edward L. Walton; Chief Audit Executive Pam Dunleavy; Interim Chief Communications Officer Jeff Stensland; Interim Special Assistant to the President James Smith; School of Medicine Columbia Dean Les Hall; School of Medicine Greenville Dean Marjorie Jenkins; School of Medicine Columbia Senior Associate Dean Caughman Taylor; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; and Board staff member Ina Wilson.

I. Call to Order

Chair Smith called the meeting to order, welcomed those in attendance, and asked everyone in the room to introduce themselves. Secretary Heath confirmed those participating by telephone. Chair Smith stated notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated; and a quorum was present to conduct business. Mr. Stensland said Tyler Fedor with the *Daily Gamecock* was in attendance.

II. USC School of Medicine Greenville Operating Agreement

Chair Smith called on Dean Jenkins who said the foundational operating agreement needed to be updated in order to identify Prisma Health as the new health care delivery partner - replacing Greenville Health System. She also highlighted the most substantive changes in the agreement for the committee.

Chair Smith asked Mr. Parham to read aloud the necessary motion for approval. Mr. Parham presented the motion:

“To recommend the amended Operating Agreement between the University of South Carolina and Prisma Health, for approval by the full Board, as presented and provided in the Board agenda materials for this meeting.”

Mr. Williams so moved and Dr. Floyd seconded the motion. Chair Smith invited questions.

In response to a question by Trustee Jones, Mr. Parham clarified the term of the agreement continues to be perpetual and of unlimited duration. The five-year period referenced by Dean Jenkins is a change in financial projections used by the School of Medicine. Previously, he said, there was a 10-year rolling financial projection period, which is being reduced to the five-year rolling period for practical purposes. He added the original termination provision is retained in the agreement, which provides that should there be a termination of relationship, there would be a 10-year preclusion on Prisma Health from aligning with another medical school (should Prisma Health terminate); and similarly a 10-year preclusion on the University locating another medical school in the Upstate (should the University terminate).

After some discussion, the vote was taken and the motion carried.

III. Restructuring of Prisma Health-USC Medical Group

Chair Smith called on Dean Hall who reminded those present the Medical Group was established five years ago as a joint venture between the USC School of Medicine Educational Trust (Trust) and the Physician Practice Network of Palmetto Health (now Prisma Health).

The Group assumed operational control April 1, 2015, and Palmetto Health assumed financial responsibility for the Group. Prisma Health now has full financial responsibility for the Medical Group, he said. Over the past two years as the Medical Group has grown; clinical and business operations have increasingly been integrated into Prisma Health processes to optimize efficiency and to provide economy of scale.

The proposal is for the Trust to resign from its status as a member of the Medical Group, resulting in a single member limited liability company (LLC). This action aligns the governance structure with the

current operational reality and relieves the Trust from potential fiduciary and legal responsibilities for the Medical Group. He noted, the existing lease of University employees who are embedded within the Medical Group will be maintained and academic programs will continue to be jointly branded with the University of South Carolina and Prisma Health names.

Chair Smith asked Mr. Parham to read aloud the necessary motion for the endorsement of this action by the Trust. Mr. Parham presented the following motion:

“To endorse the actions taken by the USC School of Medicine Educational Trust on Monday, February 10, 2020, regarding the resignation of its membership in the Prisma Health–USC Medical Group as set forth in and subject to the terms and conditions of the Resolution adopted by the Trust and provided in the agenda materials for this meeting, including the continuation of the employee lease agreement and to authorize the President to take any further actions, in consultation with counsel, deemed necessary or appropriate to carry out the actions authorized by the Trust.”

Dr. Floyd so moved and Mr. Williams seconded the motion. Chair Smith invited questions and discussion.

In response to a question by Trustee Jones, Mr. Perkins said the Trust’s Board of Directors are composed of the School of Medicine’s department chairs, one additional faculty representative, and the school’s dean. Mr. Perkins added he served as secretary and treasurer of the Trust.

After brief discussion, the vote was taken and the motion carried.

IV. Adjournment

There being no other matters to come before the committee, the Chair Smith adjourned the meeting at 11:18 a.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary