

## **Appendix E - Charter of the Health Services Committee**

- A. **Purpose.** The Health Services Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's health professions schools, academic health centers, health systems, non-hospital clinics and student health and counseling centers ("UC Health").
- B. **Membership.** The Committee shall consist of sixteen members, constituted as follows:
- The President of the Board, serving in an ex officio capacity
  - The Chair of the Board, serving in an ex officio capacity
  - The President of the University, serving in an ex officio capacity
  - A member of the Regents Finance and Capital Strategies Committee
  - A member of the Regents Governance and Compensation Committee
  - Three other Regents
  - The senior executive in the Office of the President charged with overseeing UC Health, serving in an ex officio capacity
  - Two Chancellors of University of California campuses
  - One member in good standing of the Academic Senate, holding a clinical appointment at one of the University's schools of medicine
  - Four additional advisory members, demonstrating expertise in health care delivery management, academic health services, health care mergers and acquisitions or other relevant expertise
- C. **Appointment.** Except for ex officio members, all members of the Committee, and those chosen to serve as Chair and Vice Chair, shall be nominated by the Governance and Compensation Committee, and approved by the Board. Candidates for the Chancellor, Academic Senate, and Advisory Member positions on the Committee shall be forwarded for consideration to the Governance and Compensation Committee by the President of the University.
- D. **Term.** Unless otherwise specified by action of the Board, voting members of the Committee, other than ex officio members, shall be appointed for a term of one year. Advisory members may serve for such terms as recommended by the Governance and Compensation Committee, and approved by the Board, and shall not be subject to any term limits.
- E. **Voting and Quorum.** Only the Regent members of the Committee shall be permitted to vote on Committee business. Nonvoting members may be permitted to participate in all respects on matters brought before the Committee, except for participating in the vote. A quorum of the Committee shall be four Regent members.

F. Special Requirements for Chancellors/Advisory Members. A Chancellor member of the Committee shall be permitted to participate on a matter primarily affecting or benefitting their campus only to the extent of presenting or assisting in the presentation of the matter to the Committee, and shall not otherwise participate in the Committee's deliberations. This limitation shall not apply when the matter is expected to affect or benefit all or substantially all UC Health campuses.

G. Delegated Authority Over Transactions.

1. General Delegation: Subject to the limitations and other requirements specified below, the Committee shall have plenary authority to approve the following UC Health business transactions, which, on approval, shall require no further action or authorization from the Board or any other committee:

- alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
- acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
- participation or membership in joint ventures, partnerships, corporations or other business entities; and
- other business transactions primarily arising from or serving the programs or services of UC Health.

2. Further Delegation: With review and approval of the Chair or Vice Chair of the Health Services Committee, the President may approve any UC Health transaction that can reasonably be anticipated to commit or generate no more than the lesser of (i) 1.5% of the relevant Medical Center's annual operating revenue for the previous fiscal year, or (ii) \$25 million and when combined with other transactions approved by the President for a particular Health Center in the current fiscal year, would reasonably be anticipated to commit or generate no more than the lesser of (i) 3% of the relevant Health Center's annual operating revenue for the previous fiscal year, or (ii) \$50 million; nor to any transaction involving more than one Medical Center.

3. Exclusions From Delegations:

- When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or
- when a transaction includes issuance of debt; or
- when a transaction is anticipated to generate or commit more than 3% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statement(s) for the most recent fiscal year; or
- when a transaction, when combined with the value of other transactions approved by the Committee in the current fiscal year, reasonably is

anticipated to generate or commit more than 5% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statements for the most recent fiscal year.

H. Delegated Authority Over Appointments and Compensation.

1. When the appointment of or compensation for an employee serving UC Health or any of its components, whose compensation is paid solely from sources other than State general fund support to the University, otherwise requires approval from the Regents or a Committee of the Regents, the Health Services Committee may review and approve such appointment and/or compensation without further Regents action.
2. The Committee shall develop a benchmarking framework for use in evaluating compensation proposals that may be approved under the authority delegated in paragraph H(1). The benchmarking framework shall identify peer institutions against which UC Health competes for high level positions and identify external salary data for positions comparable to those that may be approved by the Committee. The benchmarking framework shall be reviewed and approved by the Health Services Committee and the Governance and Compensation Committee at least every two (2) years.

I. Other Oversight Responsibilities. In addition to the authority described above, the Committee may review and make recommendations with regard to the following matters and/or with regard to the following areas of the University's business:

- The general operation of UC Health
- Functions and operations of the governing body of each of the academic health centers
- Systemwide or regional UC Health initiatives
- Patient care and the cost, quality and accessibility of service
- Development of health system performance dashboards
- Strategic plans and budgets for UC Health
- Issuance of debt that may affect UC Health clinical strategy
- Real estate transactions that may affect UC Health clinical strategy
- Capital improvements that may affect UC Health clinical strategy
  - The Health Services Committee shall consider proposals for plans for improvements and capital improvement requests involving UC Health or any of its components prior to or concurrent with consideration, recommendation, or approval by the Finance and Capital Strategies Committee. This requirement applies only to those capital projects that are related to patient care or research, or are otherwise of strategic importance

to UC Health.

- Health system acquisitions, affiliations and alliances (for matters not covered by the Committee's delegated authority)
- Health system procurement
- Health system appointments and compensation (for matters not covered by the Committee's delegated authority)
- Health system incentive compensation programs
- Participation in government health care programs and contracts with private health plans
- University health benefits self-insurance programs under UC Health (e.g., UC Care)
- Health information privacy, security and data protection
- Regulatory compliance
- All other matters significantly affecting UC Health

The delegation and assignment of responsibilities to this Standing Committee under Paragraphs G through I signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee, to the Board or to any other Committee.

J. Administrative Committees. Notwithstanding any other University policy, the Regent members of the Committee shall be permitted to serve on committees or work groups established by the President of the University or other University administrators for the conduct of the business of UC Health.

K. Reporting. In addition to the reports required under Bylaw 24.11, the Committee shall deliver to the Board the following reports, which may be in writing, on at least an annual basis:

- The UC Health strategic plan and budget
- A report on the status of the University student health and counseling centers
- A report on the status of all health system transactions approved under the Committee's delegated authority during the previous three years