



BOARD OF DIRECTORS

June 9, 2003
Minutes

Ms. Leonardi called the meeting to order at 9:30 a.m.

1 Public Comment - None

Executive Session

By unanimous vote, executive session was entered into at 9:31 am

First topic – 9:31 am

Issues related to ongoing negotiations with the Connecticut Children's Medical Center

Attendees

J Abromaitis, L Aronson, P Austin, B Carlson, B Chudwick, A Cooper, P Deckers, T Devers, D. Friend, N Hutson, L Jacobs, P Johnson, W Kleinman, G Lawrence, C Leonardi, D Marks, M Meacham-by phone, P Robinson, J Rowe, M Ryan, R Samuels, S Strongwater, J Walter, S Wetstone

Second topic – 10:18 am

Issues related to Peer Review

Attendees

J Abromaitis, L Aronson, P Austin, B Carlson, B Chudwick, A Cooper, P Deckers, T Devers, D. Friend, N Hutson, L Jacobs, P Johnson, W Kleinman, G Lawrence, C Leonardi, D Marks, M Meacham-by phone, P Robinson, J Rowe, M Ryan, R Samuels, S Strongwater, J Walter, S Wetstone

Executive Session was concluded at 10:29 am

The public portion of the meeting was re-entered at 10:32 am.

2 Approval of Minutes

- The minutes of April 10, 2003 were revised to indicate that Mr. Bruce Chudwick was in attendance.
- The minutes of March 3, 2003, and April 10, 2003 were unanimously approved.

3 Consent Items

- 3.1 The **BOD** unanimously approved the following recommendation –**That the Board of Directors approve the School of Medicine and School of Dental Medicine recommendations for appointments, promotions, tenure, emeritus appointment, reappointments and sabbatics.**
- 3.2 The **BOD** unanimously approved the **acquisition and installation of a CT scanner suite for John Dempsey Hospital at a cost not to exceed \$2,150,000, including construction associated with the equipment; and further authorize the financing of the project through a 5-year General Electric Capital Lease which will be effective upon acceptance of the equipment by John Dempsey Hospital; with the understanding that John Dempsey Hospital will make payments as required by the vendor contract prior to acceptance an amount up to \$430,000 and, upon acceptance of the equipment coincident with the effective date of the lease, G.E. will reimburse the hospital for amounts down-paid for the project, and G.E. will pay the balance of the project cost. This authorization is contingent on the Board of Trustee’s approval of UCHC FY-04 operating and capital budgets that contain sufficient funding to execute them.**
- 3.3 The **BOD** unanimously approved the **authorization of the University of Connecticut Health Center, School of Medicine, through its clinical activities operating as UConn Medical Group and UConn Health Partners to contract the UCHC Finance Corporation to perform functions as set forth in Section 10a-250 et seq. of the Connecticut General Statutes, and further authorize the transfer of funds up to \$6,153,000 to perform functions for the period July 1, 2003 to June 30, 2004. This authorization is contingent on the Board of Trustees approval of the UCHC FY-04 operating and capital budgets that contain sufficient funding to execute them.**
- 3.4 The **BOD** unanimously approved the **authorization of the University of Connecticut Health Center, School of Dental Medicine, through its clinical activities operating as University Dentists and Faculty Practice to contract the UCHC Finance Corporation to perform functions as set forth in Section 10a-250 et seq. of the Connecticut General Statutes, and further authorize the transfer of funds up to \$585,000 to perform functions for the period July 1, 2003 to June 30, 2004. This authorization is contingent on the Board of Trustees approval of the UCHC FY-04 operating and capital budgets that contain sufficient funding to execute them.**
- 3.5 The **BOD** unanimously approved the **authorization of the John Dempsey Hospital to contract the UCHC Finance Corporation to perform functions as set forth in Section 10a-250 et seq. of the Connecticut General Statutes, and further authorize the transfer of funds up to \$28,586,500 to perform functions for the period July 1, 2003 to June 30, 2004. This authorization is contingent on the Board of Trustees approval of the UCHC FY-04 operating and capital budgets that contain sufficient funding to execute them.**

- 3.6 The **BOD** unanimously approved the **authorization of the University of Connecticut Health Center through its clinical entities, operating as the Correctional Managed Health Care Program, to contract the UCHC Finance Corporation to perform functions as set forth in Section 10a-250 et seq. of the Connecticut General Statutes, and further authorize the transfer of funds up to \$1,000,000 to perform functions for the period July 1, 2003 to June 30, 2004. This authorization is contingent on the Board of Trustees approval of the UCHC FY-04 operating and capital budgets that contain sufficient funding to execute them.**
- 3.7 The **BOD** unanimously approved **contracts HC-1 to HC-2 that represents personnel costs (stipend, fringe) incurred in providing payroll and benefits for UCHC medial resident trainees as well as certain related program costs.**

4 Main Business Items

- 4.1 FY2004 Operating Budget – Dr. Deckers (handout)
- The Health Center has progressed from budget deficits in FY 00 and FY 01 (which required one time State subsidies to address) to breakeven budgets in FY 02 and FY 03. The clinical units are balancing on their own bottom lines.
 - Academic Health Centers (AHC) are at the center of a biologic revolution; there are 8 in New England and 2 in Connecticut. The mission of the UCHC is three fold: education (knowledge dissemination), research (knowledge creation) and innovative clinical care (“Remarkable Care through Research and Education).
 - Since 2000, UCHC has had to re-focus and examine its mission; not only to deliver outstanding clinical care including translational research, but also to deliver an innovative educational curriculum, i.e. remote, on line and simulation (E-education, E-learning); coordinated with focused research excellence that enhances community health services benefiting Connecticut’s population.
 - This focus (linkage with research capability and demonstrated productivity) resulted in the development of Signature Programs in Cancer, Musculoskeletal Medicine, Cardiology and Connecticut Health.
 - Core programs are needed to feed to the Signature Programs – Geriatrics and Women’s Health. Supporting specialties include: ED, Dermatology, Radiology, and Critical Care.
 - SOM reorganization has and will result in new departments, i.e. Immunology/Microbial pathogenesis, Developmental Biology and Human Genetics; Molecular and Structural Biology combining basic science departments and in some instances clinical divisions.
 - Challenges remain – Signature Program implementation requires people (i.e. Carolyn Runowicz, Susan Tannenbaum, Wayne Fredericks), space and start up money, 17 faculty commitments remain in basic science research strategic plan implementation; compliance; State budget uncertainties. FY-04 provides for a 20% budget increase to support growth of Development.
 - Budget Priorities: Signature Programs, Research Strategic Plans, clinical growth achieved by improved communication, knowledge management, and respected financial systems via robust IT systems. *Remarkable Care through Research and Education equals focus.*

- The Office of Signature Programs was created to implement a horizontally integrated business model organizing care based on research and education while establishing performance metrics and accountability. Continuing investment in the Signature Programs (an additional \$2.8 million in FY 04) will be made.
- Clinical Services: Key investments include Medical Arts and Research Building (MARB), nursing redesign through the use of agency nurses, expansion of Celebrate Women by adding a seniors membership program, clinical incentive compensation plan, and continue to meet needs of service area. Managed Care contracts have all been renegotiated.
- Education: Develop E-education/learning; new curriculum in primary care for SOM and SODM, dental initiative, Ph.D. program in Public Health and School of Public Health
- Funding of new initiatives will have to be found through cost improvement, revenue enhancements and development activities. While generous in the past, such operational funding is unlikely to come from the State budget.

The Board noted that the increases in patient volume at UCHC buck national trends and represent increased market share in the region. This increase is real (i.e. not a reflection of increased length of stay) and is projected to grow due to continued population growth in the Farmington valley, the growth of mature adult housing, our growing generalist OB/GYN program, our geriatrics strategic plan, and outreach efforts aimed at local physicians.

The Board questioned whether managed care contracts would deliver adequate revenue for services rendered. These contracts have been renegotiated over the last year and have increased by 2 - 2.5%. Case mix has remained constant.

The Board raised the concern whether the medication needs of a single Corrections Managed Health Care patient could adversely affect the budget as what happened in the past year. DoC agreed to cover this unusual cost in FY 03, but UCHC will have to negotiate a hold harmless provision with the new Commissioner for future similar cases.

The Board questioned whether the implementation of new technology, such as drug-coated stents, would adversely impact on the budget. These stents are currently being provided to our patients and a \$200-250,000 loss is expected. This is a cost of doing business in providing state of the art care.

The Board questions the impact of the State's early retirement program. Over 100 employees took advantage of this program which will save the State ~ \$3 million and cost the Health Center ~\$600 thousand.

The **BOD** unanimously approved **the following recommendation: That the Board of Trustees approves the University of Connecticut Health Center Operating Budget for Fiscal Year 2004.**

There remain many unknowns as to final status of the State budget. The Board requested that it be updated as to the status of the budget after the state budget passes.

4.2 FY2004 Capital Budget Spending Plan

The proposed capital budget for FY 04 is \$35,221,000 with \$18,742,000 funded by Connecticut State bonds and \$16,479,000 from internal fund sources. State bond funds are for academic projects and do not support clinical expenditures.

The Health Center is required to submit a five-year plan on an annual basis, but it can be revised freely each year. This five year plan synchronizes with the project plan and phasing of the 21st Century UConn program discussed during April's Board meeting and as described within this meeting's agenda.

The Health Center is now entering the market for the financing of the MARB. Rates are even lower than earlier this year. In order to secure low interest financing on other projects, the Health Center has entered into discussions with the State Treasurer's office to explore making UCHC eligible for CHEFA financing.

The Board raised concerns whether enough capital was being expended on Information Technology. The largest single IT item, our Siemen's patient safety system is being funded on a transactional basis and its \$15+ million cost is in the operating instead of the capital budget. The Board asked for a more comprehensive report on the IT plan.

The Board raised concerns whether the \$18.7 million of State bond funds would be realized. All of these have been approved by the Legislature, but the Bond Commission has allocated only ~\$8.4 million. Page 3 of the capital budget materials lists which projects are funded. Given the current State budget situation, it is uncertain whether the remainder will be allocated.

The **BOD** unanimously approved **the following recommendation: That the Board of Trustees approves the University of Connecticut Health Center Capital Spending Plan for Fiscal Year 2004 and the Five-Year Capital Spending Plan for Fiscal Years 2005-2009.**

4.3 UCHC 21st Century Project List and Phasing

Questions and concerns were raised over budgeted amounts in the early years and flexibility of priorities. The Board was reassured by Lori Aronson that this was a "placeholder" and changes could be made.

The **BOD** unanimously approved **the following recommendation: That the Board of Trustees approves the University of Connecticut Health Center preliminary project phasing for the 21st Century UConn Program.**

The **BOD** unanimously approved **the following recommendation: That the Board of Trustees approves the University of Connecticut Health Center 21st Century UConn Project List.**

4.4 Board Development Subcommittee – Claire Leonardi
Ms. Leonardi suggested the formation of a subcommittee that would function as a nominating subcommittee and tackle issues related to governance. It was suggested that the subcommittee be named Nominating and Governance Subcommittee as it was felt “development” referred to fund raising. The subcommittee would meet twice a year. Board members were encouraged to volunteer to join this subcommittee.

4.5 Delegation of Authority
The Board of Trustees approved a revision to the University’s Laws and By-Laws enabling the UCHC Board of Directors to selectively delegate its authority to its subcommittees.

The **BOD** unanimously approved **that when the University of Connecticut Health Center Board of Directors delegates authority to one of its subcommittees for a specified issue, such may only be exercised by a minimum of a 2/3 (two-thirds) majority of those subcommittee members present and voting at a duly constituted meeting.**

The **BOD** unanimously approved **to delegate to the Clinical Affairs Subcommittee the authority to act on behalf of the Board to approve the following: 1) John Dempsey Hospital Human Resource Plan; 2) John Dempsey Hospital Performance Improvement Plan; 3) Appointment, reappointment, temporary privileges, and changes in privilege control lists for John Dempsey Hospital Medical Staff; and that the Clinical Affairs Subcommittee will report decisions to the UCHC Board of Directors.**

The **BOD** unanimously approved **to delegate to the Academic Affairs Subcommittee the authority for final action on: 1) Faculty appointments; 2) awarding of academic tenure; 3) faculty promotions; 4) approval of sabbatical leaves; and 5) conferring emeritus status to retiring faculty.**

4.6 Performance Measures
This item was tabled until a later meeting.

4.7 Fall Retreat
This item was tabled until a later meeting.

4.8 2003-04 BoD Schedule
Ms. Leonardi requested that subcommittee chairs and administrative liaisons attempt to minimize the rescheduling of meetings and that no meetings be scheduled for August 2004.

5. Chief Executive Officer’s Report (P Deckers)
No additional comments were made regarding the written materials in the Board book.

6. Academic Affairs (A. Cooper)

6.1 Chair's Remarks

6.1.1 May 5, 2003 meeting: Commencement was held on May 19, 2003. The Clinical Skills Assessment Program has been recognized as one of, if not, the best in the nation. The School of Dental Medicine was recognized for its #1 performance on national examinations. Delegation of authority and possible performance measures were discussed.

7. Clinical Affairs/Peer Review Subcommittees (B. Chudwick)

7.1. Chair's Remarks

7.1.1. The subcommittee has recently discussed a clinical market assessment, performance measure and patient safety programs.

8. Financial Affairs and Audit (D. Marks)

8.1. Chair's Remarks

- The subcommittee met on May 29 to work on the FY 04 operating and capital budgets and were especially pleased with the linkage of UCHC goals to finances.

8.2. Financial Reports

8.2.1. It was suggested that the Finance and Audit Subcommittee be split with the audit piece combining with the Compliance Subcommittee.

9. Other Subcommittee Reports

9.1. Compliance Subcommittee

9.1.1 Chair's Remarks

The committee last met on April 16 to discuss an ongoing lawsuit. Minutes were unanimously approved.

9.2. Environmental Impact Study for the Medical Arts and Research Building

The **BOD** unanimously approved **the delegation of authority to the Finance Subcommittee to recommend the acceptance of the Environmental Impact Study (EIS) for the Medical Arts and Research Building by the Board of Trustees.**

There being no further business, the meeting was adjourned at 12:13 pm

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees

J. Abromaitis, N. Adams, L. Aronson, P. Austin, A. Borda, B. Carlson, B. Chudwick, A. Cooper, L. Danville, P. Deckers, T. Devers, D. Friend, R. Garibaldi, D. Gregorio, A. Horbatuck, N. Hutson, L. Jacobs, P. Johnson, W. Kleinman, B. Koeppen, J. Lattanzio, G. Lawrence, C. Leonardi, S. Margiotta, D. Marks, P. McManus, J. Mazzone, M. Meacham-by phone, C. Mitchell, R. Reaback, P. Robinson, J. Rowe, M. Ryan, R. Samuels, Strongwater, C. Trummel, T. Trutter, D. Turling, D. Upton, J. Walter, S. Whetstone, S. Wetstone, A. Wilson, M. Whalen, and L. White

Documents Distributed During the Meeting

- FY-04 Proposed Operating Budget
- Updated agenda