



BOARD OF DIRECTORS

March 1, 2004
Minutes

Ms. Leonardi called the meeting to order at 8:30 a.m.

Executive Session

The committee unanimously voted to enter executive session at 8:31 am.

Part 1 - Strategies related to collective bargaining

Entered into at 8:31 am with the following present: J Abromaitis, L Aronson, P Austin, G Burrow, B Carlson, B Chudwick, A Cooper, P Deckers, T Devers, D Friend, J Goldberg, W Kleinman, C Leonardi, D Marks, P Robinson, R Samuels, R Simon, S Strongwater, D Upton, S Wetstone, S Whetstone

Part 2 - Strategies related to collective bargaining

Entered into a 8:58 am with the following present: J Abromaitis, L Aronson, P Austin, G Burrow, B Carlson, B Chudwick, A Cooper, P Deckers, T Devers, D Friend, J Goldberg, W Kleinman, C Leonardi, D Marks, P Robinson, R Samuels, R Simon, S Strongwater, D Upton, S Wetstone, S Whetstone

Executive Session concluded at 9:03 am.

The meeting reconvened in public session at 9:08 a.m.

1 Public Comment & Chair's Remarks

- None.

Ms. Leonardi announced that there would be a Board meeting on April 12, 2004. Its purpose is to finalize the 2020 Vision. Updated information will be provided prior to the meeting.

Dr. Gerard Burrow will assume the chairmanship of the Academic Affairs Subcommittee and Claire Leonardi will chair the Clinical Affairs Subcommittee on an interim basis. Aldrage Cooper and Bruce Chudwick were thanked for their service as chairpersons on these subcommittees.

2 Approval of Minutes

- The minutes of December 8 and special meeting of February 2, 2004 were unanimously approved.

3 Consent Items

- John Dempsey Hospital Medical Staff Bylaws
The **BOD** unanimously **approved the John Dempsey Hospital Medical Staff Bylaws described in the Clinical Affairs Subcommittee discussion of February 3, 2004.**

4 Main Business Items

4.1 Capital Budget – FY05 and 5 Year Capital Spending Plan for FY06 – FY10

- Previously reviewed at Finance Subcommittee on February 23, 2004.
- Total FY05 Spending Plan = \$58.3M and is made up of the following:
 - Old Bond Funds (\$11.7 which includes \$4.4M that is authorized and unallocated and \$7.3M of allocated balances.)
 - 21st Century UConn (\$16.4M) – as described on page 5 of the budget materials.
 - UCHC External and Internal Funds (\$30.2M)
 - Use allowance reserve funds – federally mandated for capital expenditures related to research - \$2.7M
 - Department reserves - \$4.2M
 - Operating funds transferred to Capital Plant Fund in FY01 - \$1.7M
 - Cash Flow from Operations/Depreciation – derived from clinical operation - \$8.6M
 - Capital Lease for Equipment – outpatient imaging equipment lease for MARB - \$5.5M
 - External financing – renovation of ASB - \$7.5M
- Five Year Capital Spending Plan FY05-10, as described on page 9 of the budget materials.
 - These items represent estimates for the out years and the five-year plan will be revised on annually on a rolling basis.
- A discussion took place concerning the Konover building. UCHC will be assuming the current mortgage and in the next 60 days will renegotiate the terms with the mortgage holder. Some current tenants will remain and provide a cash flow in FY 05. The staff within the Administrative Support Building will be the first to occupy Konover with those in leased space at the Exchange moving in FY 06 after their leases expire.
- The capital plans for the next five years greatly exceeds that spent in the previous 5 years. This includes not only “bricks and mortar” but significant expenditures on information technology included those related to HIPAA.

- The **BOD** unanimously **approved the Capital Spending Plan for Fiscal Year 2005 and the Five year Capital Spending Plan for Fiscal Years 2006-2010 for the University of Connecticut Health Center**. These will now be transmitted to the Board of Trustees for their approval.

4.2 Administrative Support Building (ASB) Renovation for Clinical Use

- Previously reviewed by Clinical Affairs Subcommittee along with KSA consultants prior to submission to Finance Subcommittee
- Approved by Finance Subcommittee on February 23, 2004.
- The migration of administrative staff into the Konover building will vacate space next to the Medical Arts and Research Building that can be renovated into clinical space. The cost of this will not exceed \$7.5M.
- The Board will be informed of the terms and conditions of the mortgage once finalized as well as more detailed plans for the use of the building. A campus map is being developed and will be distributed to the Board.
- The **BOD** unanimously **approved the authorization of the UConn Health Center (UHC) to contract with the UConn Health Center Finance Corporation (UHCFC) on behalf of the clinical enterprise to renovate the Administrative Services Building for clinical use; and further authorized UHC to execute and deliver such documents and to take or cause to be taken such actions as are necessary or advisable to make said renovation, and to contract with the UHCFC to (i) lease the building and development rights to UHCFC, (ii) enter into a mortgage to finance the full cost of renovation of the building and related expenses in an amount not to exceed \$7,500,000, (iii) to execute a long-term master lease from UHCFC to UHC for the entire building, and (iv) enter into such related agreements and/or transactions as may be necessary or advisable to purchase, plan, implement, renovate and occupy the building.**

4.3 Signature Program Business Plan – Calhoun Cardiology Center – Liang/Kelly

- Goals – to be a Center of Excellence, a national model for basic translational cardiovascular research and a preferred regional referral center.
- Philosophy – this will require a significant cultural shift away from the “ivory tower” to being very service oriented, creating a positive environment in which timely service is provided.
- Environmental Assessment – projected 1.5% population growth and 12% growth in 46-64 age groups (the cohort heavily using interventional cardiology) over 5 years; technological advances; underutilization of services compared to neighboring states;
- Strategies –
 - Leverage our research strengths: employ bench to bedside back to bench applications and information flow; invent new technologies
 - Develop/expand clinical programs: valves, stenting, ablation
 - Tactics:
 - Develop new clinical programs/partnerships in the community. Develop a service orientation and enhance outreach efforts with targeted marketing.

- Implement operational improvements through reductions in LOS, proper coding, monitoring of high cost drugs, review of outpatient staffing and negative revenue procedures and DRGs.
 - Collaborate with other UCHC programs: Women's Health, Geriatric Center and Primary Care Network.
 - Execute the strategic/business plans, monitoring of performance metrics (through a web based report card) and accountability including faculty-based models driven by DRGs, CPD & ICD9 codes
 - Enhance educational and research activities
- Questions were raised regarding if and how UCHC could distinguish itself in this area given the competition for cardiology patients by other hospitals and providers. Cardiology visits are already up substantially as a result of tactics employed in the last year.
- Return on Investment
 - Three models were built: a) If we hadn't invested in cardiology and Dr. Liang hadn't been recruited, b) Normal expectations for the signature program, c) stretch goals. The 5-year margins estimated were \$8M, \$40M and \$48M respectively. If option a had been pursued, we would be losing money in each outyear.
 - The Board requested information on the total investment costs of this signature program including related capital costs.
 - The linkage of clinical care to research appears to be our most competitive asset.
- The progress of the Cardiology Signature Program will be reported to the Board on a routine basis.

4.4 5-Year Forecast – D Upton

- The assumptions of the model were discussed as described on page 1 of the report. State appropriations – block grant and 21st Century UConn. This included revenue projections. Also listed were the major projects included in the analysis. The projections do not include clinical space needs, modifications to the Signature program business plans or future cost reductions and/or program eliminations or revenue enhancements opportunities. The latter would be employed to offset any predicted negative margins.
- The model projects a loss of \$5M in FY05 that falls to \$2.5M in FY 08. These losses are primarily due to reduced state appropriations that support the education and research mission. The clinical operation shows increased revenues over expenses and may be sufficient to support \$90M of debt load for the clinical capital plan.
- The forecast will continue to be updated and presented to the Finance subcommittee.

4.5 UCHC BOD Schedule for 04-05

- September 13 or September 20 (still to be decided) – based on a subsequent survey of Board members, this has been set to September 20, 2004.
- December 6, 2004
- March 7, 2005
- April 4, 2005 – reserve date

- June 13, 2005
- A retreat may be held in the fall and special meetings will be called if and when necessary

5. Chief Executive Officer's Report (P Deckers)

- 5.1 JDH daily census on budget
- 5.2 Research grants and contracts behind last year due to the fact that the Senate has not approved the FY04 appropriations bill
- 5.3 *Academic Medicine* has requested we write a paper for publication on our medical student curriculum
- 5.4 Dr. Nancy Adams will assume the position of Chief Compliance Office on July 1, 2004
- 5.5 Dr. Raisz was named to head the Musculoskeletal Signature Program initiative

6. Academic Affairs (A. Cooper)

- 6.1 An abbreviated meeting took place in February to approve the minutes of the last meeting and to approve promotions decisions.

7. Clinical Affairs/Peer Review Subcommittees (C Leonardi)

- 7.1. The Committee had a follow up discussion on 2020 vision which included patient safety, evidence-based medicine and community service. Clinical strategic planning was discussed including the renovations to ASB to convert to clinical space.
- 7.2. Angioplasty and Open Heart Surgery Program CoN
 - St. Mary's Hospital and Waterbury Hospital have asked UCHC to participate in a joint Angioplasty and Open Heart Surgery Program CON application. If approved, procedures would be done at JDH initially, but then be provided in Waterbury. UCHC would provide education, advice and the use of our surgeons. This might increase our patient base through referrals from Waterbury (most of which now go to St. Raphael's, Bridgeport or the Yale system) to unique services being offered by the cardiology signature program.
 - The **BOD** unanimously **approved the authorization of the University of Connecticut Health Center to provide support, assistance and clinical oversight for the proposed Angioplasty and Open Heart Surgery Program at St. Mary's Hospital and Waterbury Hospital and to cooperate with the Hospitals in a Certificate of Need application to the Office of Health Care Access to secure regulatory approval to establish the Program; and further authorize UCHC to contract with the Finance Corporation to enter into an agreement with St. Mary's Hospital and Waterbury Hospital to provide the services.** Mr. Chudwick recused himself from the vote.
- 7.3 Performance metrics
 - The general trends remain favorable.

8. Financial Affairs and Audit (D. Marks)

8.1. Chair's Remarks

- The committee has previously reviewed the capital budget and 5 year forecast model.
- The deficit in the CMHC line continues and is at \$1.3M. UCHC continues to work with the Department of Corrections to bring us breakeven (hold harmless) position. The Governor's mid-biennials budget recommendation would make us whole if passed by the Legislature.

8.2. Financial Reports

- For period ending December 31, 2003 showed a deficiency of \$494,149. The School of Medicine and Dental Medicine were favorable to the budget. UMG shows a deficiency of \$171 but a 56% improvement over last year. DOC disparity not settled yet.

9. Other Reports – Compliance & Audit Subcommittee – C Leonardi

9.1. Chair's Remarks

- The BoD Compliance and Audit subcommittee held its last meeting on February 23, 2004. This included an update on the Corporate Compliance and Human Subjects Protection Programs; a presentation on web-based learning and FY03 audited financial statements. Jim Thornton, Comptroller will serve as the Chief Compliance Officer of the finance domain.
- This Committee is now disbanded. The Audit & Compliance Subcommittee of the Board of Trustees, which includes Ms. Leonardi, Dr. Friend and Mr. Marks, will replace the function of the BOD subcommittee. The first meeting of this subcommittee was held on Feb. 10, 2004. A search for compliance director is underway as well as development of an organizational structure.
- The minutes of the Compliance & Audit Subcommittee of February 23, 2004 were added to the agenda by a unanimous vote and then approved by Ms. Leonardi and Dr. Friend.

There being no further business, the meeting was adjourned at 10:51 am

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees

J. Abromaitis, S. Armstrong, L. Aronson, P Austin, E. Brenner, R. Berlin, A Borda, G. Burrow, B. Carlson, B. Chudwick, A. Cooper, L. Danville, P. Deckers, T. Devers, D Dreyfuss, C. Dugger, L. Flaherty-Goldsmith, D. Friend, J. Goldberg, A. Horbatuck, C. Huntington, K. Kelly, W Kleinman, P. King, B. Koeppen, J. Lattanzio, B. Liang, C. Leonardi, S Margiotta, D. Marks, I. Mauriello, J. Mazzone, P. McManus, L. Raisz, P. Robinson, R. Samuels, R. Simon, S. Strongwater, J. Thibeault, R. Trestman, C. Trummel, T. Trutter, D. Turling, D. Upton, J. Walter, S. Wetstone, S. Whetstone, and L. White

Documents Distributed During the Meeting

- February 23, 2004 Compliance & Audit Subcommittee minutes.