



BOARD OF DIRECTORS MEETING

September 20, 2004
Minutes

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

By unanimous agreement, the Board moved into executive session at 8:31 am.

Executive Session

Part 1 – Ongoing Contract Negotiations

Present: J Abromaitis, L Aronson, P. Austin, G Burrow, B Carlson, B Chudwick, P Deckers, T Devers, R. Galvin, L Flaherty-Goldsmith, D Friend, J Haberland, R. Hennessey, W Kleinman, G Lawrence, C Leonardi, D. Marks-by phone, P. McManus, P Robinson, R Samuels, S Strongwater, D Upton, S Whetstone

Part 2 – Pending Litigation

Present: J Abromaitis, G Burrow, B Carlson, B Chudwick, A Cooper, P Deckers, T Devers, L Flaherty-Goldsmith, D Friend, J Goldberg, J Haberland, P Johnson, G Lawrence, C Leonardi, P Robinson, M Ryan, R Samuels, S Strongwater, D Upton, S Wetstone, S Whetstone

Executive Session concluded at 8:48 am.

Public Session was resumed at 9:00 am.

Chair's Remarks

- Introductions
 - Ms. Leonardi introduced Dr. Robert Galvin, Commissioner of Public Health and Mr. Robert Hennessey former chief executive officer, president and chairman of Genome Therapeutics Corporation as new members to the Board of Directors.

1 Public Comment

- Ms. Mary Janco addressed the BoD and stressed to the Board the importance of remembering the patient as a person instead of a disease and/or illness and to take the time to listen to patients and assign due validity to the information they provide. Commission Galvin excused himself prior to this public comment.

2 Approval of Minutes

- The minutes of June 14, 2004 meetings were unanimously approved.

3 Consents

- 3.1 The **BOD** unanimously approved the **recommendation to the Board of Trustees to authorize the granting of an easement and license agreement to Farms Associates for installing, constructing, maintaining, operating, reconstruction repairing, and replacing a Fence over certain land of the University shown as Easement on a map entitled “Easement Map, Land of State of Connecticut, university of Connecticut Health Center, Farmington Avenue, CT RTE4, Farmington, Connecticut Date: May 2004 Scale:1”-20” URS Corporation AES”, which map will be maintained on file in the offices of Farms Associates.**
- 3.2 The **BOD** unanimously approved the **delegation of the UCHC Board of Directors to the Academic Affairs Subcommittee the authority to act on behalf of the Board to approve the following endowed chairs reports that must be submitted by the Board of Trustees to the Department of Higher Education Annually: Infectious Diseases/AIDS Research, Transfusion Medicine and Human Genetics.**

4 Main Business Items

4.1 Musculoskeletal Signature Program Business Plan – L. Raisz

- Recruiting new leadership will enable the Musculoskeletal Signature Program to be regionally and nationally recognized as a provider of innovative health care by successfully integrating translational research and clinical research to improve diagnosis, prevention and treatment of musculoskeletal health. Disciplined execution of strategic/business plans and monitoring of key performance metrics with accountability are keys to success.
- As the population ages the demand for musculoskeletal services will increase proportionately. Current unmet needs such as prevention programs in sports medicine and sports injuries, integrated services for the treatment of osteoarthritis, osteoporotic fractures and undiagnosed or untreated osteoporotic patients, will be the focus of the program.
- Community outreach should include the underserved and underinsured populations, promote safety, prevention and early diagnosis; promote programs to maintain bone health and increase diagnosis and treatment throughout the region.
- Business Models-three scenario forecasts included:

1. If no Signature Program strategy were deployed

This model assumes that no additional clinical faculty will be hired, and the overall volume growth is projected at 1%/year or 5.59% over the next 5 years. Costs were assumed to rise at 3%/year and payments increasing approximately at the same rate. Based on these assumptions, in FY05 a net profit of approximately \$364,000 is realized. If no new faculty are added, this profit would decline each year and become a net loss by FY08. Over 5 years the rate of return on investment would be \$258,000 or 0.18%. Outpatient surgeries from the joint venture Surgicenter would project a profit of \$4.09 million over 5 years.

2. With Signature Program efforts

This assumes a volume growth of 1-2% and 12 new faculty positions. Patient encounters would increase overall by 96% over the next 5 years. An operating profit of \$965,000 in FY05 would grow to \$3.5 million by FY09 or 7.81% net profit. Overall an \$11.9 million net profit is projected over 5 years or a 6.23% return on investment. Outpatient surgeries from the joint venture Surgicenter would project an additional profit of \$4.09 million over 5 years.

3. With Signature Program efforts based on stretch goals:

This assumes the same volume growth as above but with an additional 1-2% increase in volume (considered conservative). This projects a FY05 net profit of \$1.09 million growing to \$4.5 million by FY09 or 9.6% net profit. Overall an \$14.4 million net profit over 5 years or a 7.46% return on investment. With an expected profit of \$4.09 million from the new Surgicenter the stretch goals could achieve a new profit of \$18.5 million over 5 years.

▪ A discussion took place concerning this business plan:

- The new Medical Arts and Research Building will open early next spring.
- The program can be accelerated and enhanced through development, perhaps through a naming opportunity for the new building.
- Expansion of our clinical trials activities, especially with medical devices could be greatly helpful, as would a program for faculty development for young researchers/clinicians. The integration of research and clinical activities will be essential to recruit and retain skilled faculty and not lose them to private practice.
- The signature programs represent a diverse package, each with a different focus (i.e. Cardiology with its technical focus, cancer with prevention, and musculoskeletal with its basic science research.)

4.2. Schedule for Reporting on Signature Program to the BOD – B. Carlson

- A performance metrics and variance report will be provided to the Board each December and June for the following Signature Programs: Calhoun Cardiology Center, Neag Comprehensive Cancer Center and the Musculoskeletal Institute. The report will be presented to the Finance Subcommittee in November and May prior to discussion at the subsequent full BoD meeting.
- Indicators will include: faculty recruitments, research grants, research papers, new business/program development efforts, clinical volume, and financial performance including number of encounters, total payments, total costs, net margins, net margin per encounter and a ratio of net margin to costs.
- Board members requested that the performance reports be shared with the other subcommittees as appropriate (e.g. clinical affairs and academic affairs.) They also asked for peer comparison data and/or market share data if and when they become available.

4.3 UCHC Attitude and Awareness Survey Results – J. Walter

- A 50+ question survey has been conducted annually since 1999 and this year included 800 adult Connecticut residents, 300 of whom were in our primary service area. These results have a margin of error of 5.5%
- Survey concluded that awareness of the Health Center in our primary and secondary service areas is excellent and our reputation has nearly recovered from FY00 and continues to trend favorably.
- While a high percentage of respondents are aware of the existence of the Schools of Medicine and Dental Medicine at the Health Center, only about half of those rate the quality of the schools in the upper tier (among the best/better than most.)
- Concern was raised as to the methodology used in developing the sample (i.e. the subset that agree to answer a 50+ question survey may be different than the general population, but at least the potential subjects were blinded as to UCHC's name when making the decision whether to participate.)
- Suggestions for changes in the survey included coordinating with, measuring and monitoring the signature programs, setting targets (and expending funds correspondingly), measuring awareness and attitude regarding the concept of the Health Center as an academic health center rather than just a clinical enterprise hospital, drilling down to provide more information, and for targeting women respondents.

4.4 SoDM Reorganization – G. Burrow/P. Robinson

- Dr. Robinson described the 18-month planning process that resulted in the current proposal that would eliminate all 9 current academic departments and realign the faculty into three larger departments. This is the model that was presented to the Academic Affairs subcommittee in August. The internal departmental structure will be finalized in another 6 months after the basic departmental structures are finalized.
- Dr. Burrow reported on the Academic Affairs subcommittee review of the proposal. They supported the 3-department model, but recognized that the SoDM Council didn't believe it had sufficient time to review the proposal. While the Council wanted another 6 months of review, the Academic Affairs subcommittee thought this review should be completed by 11/1.
- President Austin advised our leadership to have all the substantive issues resolved before the resolution to eliminate departments is heard by the Board of Trustees.
- The **BOD** unanimously approved the following recommendation: **That the Board of Directors approve the proposal to reorganize the School of Dental Medicine into three departments: “Oral Rehabilitation, Biomaterials and Skeletal Development”, “Oral Health and Diagnostic Sciences” and Oral & Maxillofacial Surgery, Orthodontics, Pediatric Dentistry and Advanced General Dentistry”.**

That the Board of Directors recommend that the Board of Trustees approve the elimination of the Departments of Behavioral Sciences, Biostructure and Function, Oral Surgery, Oral Diagnosis, Prosthodontics/Operative Dentistry, Orthodontics, Periodontology, Endodontology and Pediatric Dentistry; and

That the Board of Directors instruct the BoD Academic Affairs Subcommittee to review comments concerning the reorganization plan from the School of Dental Medicine Council, SDM faculty and/or SDM administration at its November 2004 meeting and that the Board of Directors delegates authority to the Academic Affairs Committee during its November 2004 meeting to rescind approval for the proposed reorganization plan and remand discussion back to the whole Board of Directors if it determines that such action is appropriate.

Robert Hennessey abstained from voting due to his relative newness on the BoD.

4.5 SODM Attrition Rates – G. Burrow/P. Robinson

- The attrition rate of first year students is 3-7x higher than the national average, effecting morale, potentially compromising recruitment, and was a concern during the accreditation site visit in October 2001. This issue was discussed at the last Academic Affairs subcommittee. While the heavy emphasis on the basic medical science curriculum makes UConn relatively unique among dental schools, our attrition rate is higher than the couple of other schools that have a similar emphasis.
- The **BOD** unanimously approved the following recommendation: **That the Board of Directors approve the recommendation that the School of Dental Medicine and Basic Medical Sciences faculty, through assistance from Dental Council and during the 2004-05 academic year, devise methods to reduce the SDM attrition rate for first year students while preserving the structure and integrity of the Year 1 academic program.**

4.6 Tech Transfer Report – B. Carlson

- UConn's technology commercialization efforts consist of three components, the Center for Science and Technology Commercialization (the Tech transfer office), the Technology Incubator Program, and the Research and Development Corporation.
- The research base serves as the beginning of the pipeline for commercialization efforts thus as the research operation grows, the commercial opportunity grows as well. Critical elements for a successful program include: strong leadership, focused research base, entrepreneurial culture, access to capital, incubators and research parks, and knowledgeable practitioners. The most difficult being seed funding.
- A 2002 AUTM Survey showed that UConn still has a way to go when comparing total research expenditures and gross income
- In the Technology Incubator Program, we currently offer - labs/offices (Storrs-Central Campus, Farmington-UCHC, Avery Point, Groton-Regional Campus), library, IT, hazardous waste disposal, environmental health and safety, radiation safety, animal health and welfare, shipping and receiving, security, telephone/computer, maintenance, grounds keeping, janitorial services, parking. In the future, we will additionally offer - business support and advice, networking, student employees/interns, instrumentation, secretarial/clerical support, progress evaluation, interactive business environment.
- Benefits to the University - faculty attraction and retention, funding opportunities, profit/revenue, graduate/undergraduate students.
- Benefits to State - attract, develop and retain new businesses, potential tenants for CT Science Parks, support CT's case as the "place to be" for start up companies, prevent loss of highly qualified faculty, demonstration UConn's contribution to CT's economic development.
- Research and Development Corporation is a private company owned by UConn Foundation for the sole purpose of creating new businesses from UConn technologies.

- Future plans include a 3-year plan for creation of the “entrepreneurial Campus”, creation of additional incubator space, work with Foundation on Band of Angel concept, review feasibility of research/tech park at Storrs, launch 1-3 businesses annually from R&D Corp.

5 Chief Executive Officer’s Report – P Deckers

- Clinical volumes and revenues continue to trend favorably.
- Research awards continue to grow with almost a 100% increase since FY 99, but the rate of increase has slowed
- The PWC and the Research Services enhancement team continue to review of research administration. Dr. Marc LaLande has been named as Associate Dean for Research Coordinating and Planning and will replace Dr. Berlin in January 1, 2006. Dr. Henry Kranzler has been named Assistant Dean for Clinical Research
- Education – The Schools of Medicine and Dental Medicine continued to enroll a talented and diverse class of highly qualified students. Noticeable improvement in enrollment of under represented minorities. School of Medicine students out performed the nation on the first two steps of the licensing examination. A correction was made to page 129 of the Board materials: in 2004 the SoDM class has 29 out of state students, not the 19 listed in the report.
- A \$10 million gift was pledged by Carole and Ray Neag to endow the Comprehensive Cancer Center in their name.
- Candidates for the Musculoskeletal Signature Program leadership position will be interviewing this fall.

6. Academic Affairs Report – G Burrow

- The Academic Affairs Subcommittee met on August 16th and discussed SoDM reorganization and student attrition rates as described in the main business portion of the agenda.

7. Clinical Affairs Report – C Leonardi

- The Clinical Affairs Subcommittee met on September 7th.
- Ellen Leone presented the Human Resources Report, which showed overall rates of performance appraisal, and training had markedly improved. Despite this progress, the committee urged management to move these levels to 100% by utilizing a move toward more flexible training methods and utilizing technology. Recruitment and retention continued to be a challenge due to overall shortages of qualified staff in critical areas. Goals for the upcoming year were found to be satisfactory and the committee approved the JDH Hospital Human Resources Annual Report for 2003.
- Rhea Sanford reported on performance measures and patient safety tracking. Sets of core performance measures have been identified by JCAHO and will be implemented in a staggered approach. The initial 4 areas include: acute myocardial infarction, heart failure, community-acquired pneumonia and pregnancy and related conditions. Data collection in these areas started in July 2002. Current measurement development will focus on: critical care, surgical infection prevention pain management and pediatric asthma with data collection starting in January 2005.

- Also reported was the revision of the Connecticut Adverse Event Report Process where definition of events was more specifically identified and report structure and time frame adjusted to allow more time for reporting the event and delivering a corrective action plan.
- Rhea Sanford also presented the Performance Improvement Report for FY04. A Silver Innovation Prize was awarded to Volunteer Services for their recent blood drives demonstrating increases in donations as well as a more efficient process in accommodating varying schedules. The committee approved the JDH Annual Performance Improvement Report for FY04.
- Steve Strongwater presented the Clinical Affairs Annual Report. Highlights include: adoption of 6 clinical goals in line with the UCHC vision; enhance quality, academic connections, workforce enhancement, management effectiveness, community connections and regional and national reputation. Successes have been demonstrated in reaccreditation by external organizations, top performance on DPH core clinical measures, numerous national and local awards for faculty and continue improvement in profitability. JDH has also implemented the Collaborative Center for Clinical Care Improvement focusing on: medication errors, pain management, patient falls, cultural transition and nosocomial infections. The Seimens Patient Safety System is scheduled to go live in 2005. A CON was approved for a joint venture with Waterbury and St. Mary's Hospitals for full cardiac services. We will provide training and other services.

8. Financial Affairs Report – D Upton

- The subcommittee last met on September 8th.
- In the last 5 years, JDH's market share has increased from 6.6% to 9.3%.
- After the FY 04 budget was approved, an additional \$4.6 million expense was allocated to the Health Center by OPM. Most of this impact was realized by clinical operations. We have made budget corrections including increases in anticipated patient volumes to account for this unanticipated expense. Such volume projections appear appropriate given the increased volumes already experienced this summer.
- July's financial results are on budget.
- Unauditted results for FY 04 report a ~\$500,000 positive margin.
- A motion was made and unanimously approved to add "contracts over \$500,000" to the agenda. The Finance Committee reviewed and recommended approval of these contracts at their last meeting.
 - An open bidding process was used for both the transcription and food services contracts, but only 1 vendor responded to each. Discussion took place concerning how to get additional vendors to participate in the next round bids including asking potential vendors why they didn't respond to the recent RFPs.
 - The **BOD** unanimously approved the following recommendation: **That the Board of Directors approve the contract, on behalf of John Dempsey Hospital and UConn Medical Group, with Spheris (formerly EdiX Corporation) to provide transcription services for the period of November 1, 2004 through June 30, 2010, in an amount not to exceed \$10,000,000 and that the Executive Director be authorized to enter into such contract.**

- The **BOD** unanimously approved the following recommendation: **That the Board of Directors approve the contract, on behalf of the John Dempsey Hospital, for the period of October 1, 2004 through September 20, 2009 with Sodexo Healthcare Services, Inc. to provide food and nutrition services in an amount not to exceed \$13,400,000 and that the Executive Director be authorized to enter into said contract.**

- The **BOD** unanimously approved the following recommendation: **That the Board of Directors authorize the clinical enterprise of the UConn Health Center to establish a relationship (revenue contract) with Eastern Connecticut Health Network (ECHN) whereby UCHC will provide services in support of Neonatal Services at Manchester and Rockville Hospitals; and that the Board of Directors contract with the University of Connecticut Health Center Finance Corporation to execute agreements and documents necessary to establish the relationship.**

- The **BOD** unanimously approved the following recommendation: **That the Board of Directors authorize the UConn Medial Group to establish a relationship (revenue contract) with ProHealth Physicians whereby UCHC will provide services in support of a ProHealth cardiac diagnostics program; and that the Board of Directors contract with the University of Connecticut Health Center Finance Corporation to execute agreements and documents necessary to establish the relationship.**

9 BOT Audit and Compliance Report – C Leonardi

- The last meeting was September 2, 2004.
- The search for a Chief Audit and Compliance Officer continues. The firm of Zurick Davis has been engaged and interviews will take place this fall.
- PwC was retained in June to conduct an institution-wide assessment of significant risks confronting the University and the Health Center. There was strong consensus from the committee that the draft report reflected our key financial, operational, compliance and strategic risks. The Committee endorsed a new audit plan for FY05 and FY06.
- The Committee reviewed and discussed with management the results of our own work evaluating our risk assessment from the audit and compliance staff, Auditors of Public Accounts and outside auditors
- It was felt that good progress had been made in both executing against our FY04 audit plan and building our organizational capabilities in anticipation of the arrival of a new leader.

There being no further business, the meeting was adjourned at 12:09 pm

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees

J. Abromaitis, P. Austin, G. Burrow, B. Chudwick, P. Deckers, T. Devers, R. Galvin, D. Friend, J. Haberland, R. Hennessey, G. Lawrence, C. Leonardi, D. Marks-by phone, P. Robinson, R. Samuels, and S. Strongwater.

MATERIALS DISTRIBUTED AT THE MEETING:

Musculoskeletal Institute Strategic/Business Plan
Technology Commercialization at UConn
Robert Hennessey Bio
Easement resolution