



# BOARD OF DIRECTORS MEETING

June 13, 2005  
Minutes

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Ms. Leonardi called the meeting to order at 8:34 a.m.

By unanimous agreement, the Board moved into executive session at 8:34 am.

## Executive Session

Issue 1 – Preliminary notes and drafts – Investigation report  
Present during Executive Session: J. Abromaitis, L. Aronson, P. Austin, A. Borda, G. Burrow, B. Carlson, B. Chudwick, J. Comerford, P. Deckers, D. Friend, R. Galvin, L. Flaherty-Goldsmith, J. Goldberg, R. Hennessey, L. Jacobs, W. Kleinman, G. Lawrence, C. Leonardi, J. Mazzone, P. Robinson, R. Samuels, S. Strongwater, S. Wetstone, S. Whetstone, F. Dew

Issue 2 – Pending Litigation -  
Present during Executive Session: J. Abromaitis, L. Aronson, P. Austin, A. Borda, G. Burrow, B. Carlson, B. Chudwick, J. Comerford, P. Deckers, D. Friend, R. Galvin, L. Flaherty-Goldsmith, J. Goldberg, R. Hennessey, L. Jacobs, W. Kleinman, G. Lawrence, C. Leonardi, J. Mazzone, P. Robinson, R. Samuels, S. Strongwater, S. Wetstone, S. Whetstone, F. Dew

Executive Session concluded at 8:59 am.

Public Session was resumed at 9:05 am.

## Chairs Remarks – C Leonardi

- Ms. Leonardi recognized Dr. Peter Albertsen, recipient of the Board of Directors Faculty Recognition Award.
- Ms. Leonardi recognized Dr. Peter Setlow, recipient of the Board of Trustees Distinguished Professor Award.
- Ms. Leonardi announced leadership changes for the Board of Directors.
  - Ms. Leonardi's term as Chair of the BOD ends this summer, and she has asked that it not be renewed. Dr. Gerard Burrow will fill this position beginning September 1, 2005. This is a three-year term. Ms. Leonardi will continue to participate on the BOD by filling Dr. Burrow's at-large seat, which has two more years.

- David Marks will step down as Chair of the Finance Subcommittee but will continue to serve on the committee. Dr. Burrow has asked Ms. Leonardi to take over the position as Chair of the Finance Subcommittee.
- The position of chair of the Academic Affairs subcommittee is vacant at this time.
- President Austin announced that Dr. Deckers' term of office as Executive Vice President and Dean of the School of Medicine has been extended to July 1, 2008.

1 Public Comment – None.

2 Approval of Minutes

- The minutes of meetings held on March 1, 2005 and April 4, 2005 were unanimously approved.

3 Consents

All resolutions related to the transfer of funds to the UCHC Finance Corporation are contingent on the Board of Trustees approving a budget with sufficient funds for such actions.

The **BOD** unanimously approved the following resolutions:

- That the University of Connecticut Board of Directors **authorizes the transmission of the letter of intent for financial assurance for decommissioning as required by 10 CFR 30.35 to the Nuclear Regulatory Commission.**
- That the Board of Directors **authorize the University of Connecticut Health Center, School of Dental Medicine, through its clinical activities operating as University Dentists and Faculty Practice, to contract with the University of Connecticut Health Center 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 up to \$730,000, for the period July 1, 2005 through June 30, 2006, from University Dentists and Faculty Practice to the Finance Corporation to fund said functions.** This authorization is contingent on the Board of Trustees approval of the University of Connecticut Health Center's fiscal year 2006 operating and capital budgets that contain sufficient funding to execute them. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.
- That the Board of Directors **authorize the University of Connecticut Health Center, through its clinical entities operating as the Correctional Managed Health Care Program, to contract with the University of Connecticut Health Center 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 up to \$835,000, for the period July 1, 2005 through June 30, 2006, from the Health Center to the Finance Corporation to fund said functions.** This authorization is contingent on the Board of Trustees approval of the University of Connecticut Health Center's fiscal year 2006 operating and capital budgets that contain sufficient funding to execute them. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.

- That the Board of Directors **authorize the University of Connecticut Health Center, School of Medicine, through its clinical activities operating as UConn Medical Group and UConn Health Partners, to contract with the University of Connecticut Health Center 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 up to \$20,230,600, for the period July 1, 2005 through June 30, 2006, from UConn Medical Group and UConn Health Partners to the Finance Corporation to fund said functions.** This authorization is contingent on the Board of Trustees approval of the University of Connecticut Health Center's fiscal year 2006 operating and capital budgets that contain sufficient funding to execute them. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.
- That the Board of Directors **authorize the John Dempsey Hospital to contract with the University of Connecticut Health Center 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 up to \$30,373,850, for the period July 1, 2005 through June 30, 2006, from the Hospital to the Finance Corporation to fund said functions.** This authorization is contingent on the Board of Trustees approval of the University of Connecticut Health Center's fiscal year 2006 operating and capital budgets that contain sufficient funding to execute them. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.
- That the UCHC Board of Directors **recommend the UCHC Finance Corporation Board of Directors approve the contract renewal, on behalf of the John Dempsey Hospital, with Alliance Staffing of Connecticut to provide per diem certified nurse assistants (CNAs) for the period July 1, 2005 through June 30, 2006, in an amount not to exceed \$1,200,000, and that the Executive Director be authorized to enter into said contract renewal.**
- That the UCHC Board of Directors **recommend the UCHC Finance Corporation Board of Directors approve the contract renewal, on behalf of the Dental Clinics of the School of Dental Medicine, with Connecticut Children's Medical Center (CCMC) for facilities and services in support of the dental office services rendered on-site at CCMC, for the period July 1, 2005 through June 30, 2006, in an amount not to exceed \$590,000, and that the Executive Director be authorized to enter into said contract renewal.**
- Recommendation: That the Board of Directors **approve the contract renewal, on behalf of the John Dempsey Hospital, with Dialysis Clinic, Inc. (DCI) to provide acute dialysis and related services for the period July 1, 2005 through June 30, 2008, in an amount not to exceed \$1,000,000, and that the Executive Director be authorized to enter into said contract renewal.**
- That the UCHC Board of Directors **recommend the UCHC Finance Corporation Board of Directors approve the contract, on behalf of the John Dempsey Hospital, with InSight Health Services Corporation for mobile positron emission tomography**

**(PET)/CT Scan equipment, radiopharmaceuticals, and related services for the period July 1, 2005 through June 30, 2008, in an amount not to exceed \$1,200,000, and that the Executive Director be authorized to enter into said contract.**

- That the UCHC Board of Directors **approved the Contracts and Agreements of \$500,000 or greater dated June 13, 2005 – Asylum Hill Family Medicine Center, Inc. - \$1,170,000; Capitol Area Health Consortium - \$33,350,100; New Britain General Hospital (revenue) - \$615,000; St. Francis Hospital and Medical Center (revenue) - \$2,100,000; Waterbury Hospital (revenue) - \$1,374,955.**

## 4 Main Business Items

### 4.1 FY 06 Budget

- Overview – P. Deckers

Dr. Deckers presented an overview of the proposed FY 06 operating budget of \$636.1 million, which is 5.3% above FY 05. Of this, \$533.4 million are self-generated funds (57.8% of the total budget being clinically derived, 15.6% from research grants and contracts, and 7% from tuition, fees and residency programs) and \$103.3 million up by 3.9% over last year.

The State contribution of the operating budget is 16% of the total. Endowment income represents only .7% and this is and is an area of growth opportunity. UCHC is 62<sup>nd</sup> out of 126 academic health centers relative to federal funding. However, research revenue is expected to flatten compared to previous years due to restraints on the NIH budget. The F & A (indirect costs) rate is increasing from 45% in FY 04 to 48% in FY 06. Institutional subsidy to research has been reduced from 32 to 21 cents on the dollar. The hospital has moved from losing money in 1998-2000 to having a \$2 million surplus in FY 05 that is projected to double in FY 06. In-patient revenues should level off at ~4% due primarily to limitations in clinical space. We continue to experience unfunded or partially unfunded State and Federal mandates.

This budget has been targeted to address the newly approved UCHC 2020 Vision and the Health Center's mission as an academic health center, which is inherently different than the missions of community hospitals. The Vision extends from basic science research to investing how such knowledge can be applied to clinical care (T1 research – bench to bedside) to disseminating such practices into the community (T2-research – clinic to the community). The Vision includes our existing Signature Programs as well as new public health initiatives to promote wellness and prevent disease. It also includes the C4I initiative charged with improving patient safety and making John Dempsey Hospital the safest hospital in Connecticut and extending our innovative curricula to a continuing education audience of Connecticut health professionals and the public.

The capital FY 06 budget is \$75.4 million of which ~\$30 million come from State bonds (\$26.1 million from UConn 2000 phase 3) and ~\$45.4 million from self-generating funds. The activities using these funds are consistent with the 10 year UCHC Campus Master Plan

approved in 2002. Major projects include: a) \$14 million for the initial planning of a new research building, b) ~\$11 million for the renovation of the Administrative Support Building (ASB) into clinical space (the current staff of the ASB moving to the Konover building), c) ~5.5 million to support Signature program activities, and d) ~\$7.6 million for information technology projects.

Challenges for the year include: a) completing recruitments for the Signature Programs, b) leveling off of NIH funds, c) offering competitive salaries for the faculty and appropriately recognizing outstanding teaching, d) constraints of clinical facilities limiting the potential for future growth in patient volume, and e) unfounded mandates from the State and Federal levels.

The Board raised concern whether this is the right time to be investing in a new research building, especially when NIH funding has flattened. It was noted that NIH funding cycles and if we delay the building, we will not be able to take advantage of the next increase in NIH growth and that a new building at that time might cost much more. We also need to complete recruitments for positions already promised to previous researchers we have brought to UCHC. The new building also allows decanting of researchers from educational spaces that can then be return to teaching functions.

- Operating Budget Details – D. Upton

Since the initial review of the budget by the Finance subcommittee, the Legislature has appropriated an additional \$1.18 million and reduced CMHC by \$262 thousand. The excess will be placed in a contingency fund in anticipation of an increase in the fringe benefit rate that is typically announced by the State later this month.

The budget projects an excess of \$655 thousand. The State appropriation represents a 3.7% increase, the first increase we have received since FY 01. Correctional Managed Health Care is expected to break even. Significant highlights of the budget (page 5A of the budget packet) were reviewed.

A discussion of the budget ensued around the following issues:

What is a reasonable margin for the hospital? Nationally, some hospitals have 6-7% margins and given the excellence of our services and the performance improvements made, we should be earning a better margin. Such margins, however, are not the experience in Connecticut, in which 2-3% is doing quite well. Revenues are constrained in Connecticut due to low managed care reimbursement, which while the acceptable under the current political environment, may not be sustainable by hospitals over time.

What areas are at the greatest risk of unbalancing the budget? The areas of most concern are: less than anticipated research awards, clinical volume increases not occurring, an increase need to fund our self-insured malpractice liability, drops in Medicare/Medicaid reimbursement rates, a State deficit accompanied by recessions, higher State mandated fringe benefit rates or failure to recruit needed clinical faculty.

If the increase in State fringe benefits is less than the \$1.2 million of additional appropriations just received and place in to contingency funds, then Ms. Leonardi would like the allocation of the excess to be brought to the Finance subcommittee and BoD in September.

The following **resolution was then unanimously approved**

**That the Board of Trustees approves the University of Connecticut Health Center Spending Plan for the Fiscal Year 2006.**

- Capital Budget Details FY 06 and Five Year Plan FY 07 - FY 11 – D. Upton

A clarification was made that listed State Bond funds independent of UConn 2000 are actual funds in hand that have previously been released and not authorized funds that have yet to be released.

The following **resolution was then unanimously approved**

**That the Board of Trustees approves the University of Connecticut Health Center Capital Spending Plan for Fiscal Year 2006 and the Five Year Capital Spending Plan for Fiscal Years 2007-2011.**

- 21<sup>st</sup> Century UConn (UConn 2000 phase 3) – D. Upton

A concern was raised that recommendation for the 21<sup>st</sup> Century UConn Project List might be misleading. This resolution lists all the projects in the 21<sup>st</sup> Century program, but has blanks in certain projects in the FY 06 budget column. These blanks indicate that no funds have been allocated for such projects in FY 06, but funding will take place in other years as indicated on the 10 year roll out schedule. It was requested an asterisk be placed in these blanks with the notation “to be funded in future years”.

The following **resolution was then unanimously approved**

**That the Board of Directors endorses and recommends to the University Board of Trustees the following University of Connecticut Health Center Fiscal Year 2006 Project List:**

Project List	FY06 Budget
Research Tower	\$14,000,000
CLAC Renovation Biosafety Level 3 Lab	*
Academic Building Renovations	\$1,190,000
Dental School Renovations	\$330,000
Main Building Renovations	*
Deferred Maintenance/Code/ADA Renovation	\$3,000,000
Equipment, Library Collections, and Telecommunications	\$7,580,000
Library/Student Computer Center Renovation	*
Parking Garage	*
Support Building Addition/Renovations	*

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Total	\$26,100,000
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\*To be funded in future years.

#### 4.2 UCHC/JDH Campaign Planning Study – M. Stayton & I. Hurowitz

Ms. Stayton introduced Ms Ilisa Hurowitz who presented the findings of the Marts & Lundy Report previously tabled at the March 1 meeting of the Board. The report concludes it would appropriate to target \$150 million in donations over seven years. More detailed figures on capacity and targeted gift levels were provided.

The report describes campaign pillars: needs, constituencies and engines. Donors must see our needs as urgent and as enhancing the capabilities and reputation of the Medical and Dental Schools. UCHC must be willing to find the necessary resources to fund and sustain the campaign. Board leadership and involvement are imperative.

Major recommendations include creating a culture of philanthropy, investing in the development office, increasing our communications efforts, and more heavily involving the faculty, the CEO and Board members in development activities. More success is likely in promoting the Health Center's programmatic initiatives than brick and mortar requests for John Dempsey Hospital.

Ms. Stayton joined the Health Center only 7 weeks ago and is still assessing our development program. She believes next steps include convening a working group to focus on philanthropic needs and opportunities that would include BoD members, and to organize faculty to participate in the campaign.

#### 4.3 Affirmative Action – P. Deckers

The Commission on Human Rights and Opportunities (CHRO) denied approval of the Health Center's last Affirmative Action Plan. This was primary based on data collection deficits rather than findings of discrimination. The Health Center's compliance with workforce goals is similar to other State agencies. The Health Center must document good faith effort in meeting workforce goals in each of 7 job classes. Such goals are based on the availability of candidates within our local market area and may target majority, not just minority candidates. Recruitment of minority students was looked upon favorably by CHRO.

An action plan has been developed and is being implemented to correct for the identified deficits including providing diversity awareness training to the workforce by the end of June. The Chief Administrative Officer has taken direct responsibility for improvements efforts and is reporting directly to the CEO on this. Additional staff have been hired to work in the Office of Diversity and Equity and Human Resources Department.

A new Affirmative Action plan will be submitted in October. A certificate of non-compliance might be issued if this plan is disapproved. This would result in CHRO taking a more direct and active role in monitoring all recruitments at UCHC.

The presentation made to the Board has also been made at many other faculty and management meetings. This matter is being taken seriously and that is being transmitted to all managers.

The following **resolution was then unanimously approved:**

**That the UCHC Board of Directors revise the UCHC Values and Vision Statement as follows:**

**UConn Health Center Core Values**

- **Promote professionalism, compassion, diversity and social responsibility**

**Goals**

- **Be the employer of “first choice” in our region for people who want to be part of a caring, committed and talented, and diverse workforce dedicated to advancing health and wellness for the people of Connecticut.**

5 Chief Executive Officer’s Report – P Deckers

- President Austin thanked and commended Ms. Leonardi for her efforts on behalf of the BOD.
- Dr. Deckers briefly noted the article he wrote, which will be published in Connecticut Medicine at the end of the month, that talks about where we were, where we are, and where we are going.

6. Academic Affairs Report – G Burrow

The subcommittee last met on May 2, 2005

- A status report on the Center for Public Health and Health Policy was presented. Four Deans from schools of public health have been invited to UCHC to review the work to date of the Center and to advise us regarding the feasibility of creating a sustainable center or School of Public Health. Dr. Burrow commended Drs. Storey and Ferris for their leadership in the planning efforts.

7. Clinical Affairs Report – C Leonardi

The subcommittee last met on May 3, 2005

- Dr. Strongwater proposed a framework to support and monitor organizational success consisting of two implementation modes -- Baldrige National Quality Program and Joint Commission on the Accreditation of Health Care Organizations.
- Dr. Sanford presented the 2004-2005 Performance Improvement Annual Report.
- Mr. Penney discussed the management of the environment of care.
- Mr. Dugger discussed the use of information technology to improve processes and results in the UConn Medical Group.
- Ms. Whalen discussed standardization of the hiring processes for UMG.
- Mr. Borda discussed how the use of information technology will improve performance in radiology and presented an overview of the Picture Archive System (PACs).
- Dr. Strongwater noted that UConn received national recognition for hospital performance by being named a “Top 100 Hospital Performance Improvement Leader.”

## 8. Financial Affairs Report – D Upton

The subcommittee last met on May 23, 2005.

- The financial update of un-audited financial results for the nine months ended March 31, 2005 in the fiscal year ended June 30, 2005 was reviewed. It demonstrated a deficiency of \$1,374,000, as compared to the budgeted excess of revenues over expenses of \$492,000, an unfavorable variance of \$1.86 million. Comparing the current year results of operations to actual deficiency last fiscal year of \$407,000 shows an unfavorable variance of \$932,000. A majority of the deficiency was caused by increased drug cost for the Correctional Managed Healthcare Program. The General Assembly, through House Bill 6672, "An act making deficiency appropriations for the Fiscal Year ending June 30, 2005," includes \$2 million for this deficiency. In addition, there has been an increase in expenses for the month of March. Further analysis is being performed.
- An update was provided on the status of the Signature Programs for the first 9 months of the year. Collectively, they are ahead of plan with a \$8.3 million excess of revenues over expenses against a projected excess of \$6.5 million.

## 9 BOT Audit and Compliance Report – C Leonardi

The subcommittee last met on May 3, 2005.

- Reports were heard from PriceWaterhouse Coopers and internal audit findings were discussed.
- Mike Walker provided an update of the Audit and Compliance efforts and audit plan. He will be soliciting input from the members of the Board of Directors soon
- Mr. Walker will be asked to provide an extensive update of the Audit and Compliance Office activities and assessment at the September BoD meeting.

There being no further business, the meeting was adjourned at 11:27 pm

Respectfully submitted,

Peter J. Deckers, M.D.

## Attendees

J. Abromaitis, P. Austin, G. Burrow, B. Chudwick, D. Friend, R. Galvin, J. Goldberg, R. Hennessey, L. Jacobs, G. Lawrence, C. Leonardi, R. Samuels, P. Deckers, R. Robinson and S. Strongwater.

## MATERIALS DISTRIBUTED AT THE MEETING:

Powerpoint presentation: "FY2006 Proposed Operating and Capital Budget"

Revised Fiscal Year 2006 Proposed Operating Budget

Revised resolution "Approval of the Spending Plan for the University of Connecticut Health Center for Fiscal Year 2006"

Revised resolution "21st Century UCONN Project List"

Powerpoint presentation: "Renewing Our Commitment to Diversity and Affirmative Action/ UCHC ACTION PLAN"