



BOARD OF DIRECTORS

June 11, 2007
Minutes

Dr. Burrow called the meeting to order at 8:32 a.m. A motion was made to enter into Executive Session.

Item 1: Clinical Facilities Planning – 8:33 am

Those in attendance were: Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland (phone), Mr. R. Hennessey, Dr. L. Jacobs, Ms. C. Leonardi, Mr. R. Samuels, Mr. P. Agnesi, Dr. P. Albertsen, Ms. L. Aronson, Mr. T. Borda, Mr. B. Carlson, Dr. P. Deckers, Mr. C. Dugger, Mr. B. Feldman, Mr. W. Kleinman, Dr. M. MacNeil, Ms. I. Mauriello, Mr. J. Thornton, Mr. D. Upton, Mr. K. Walker, Mr. J. Walter, Dr. S. Wetstone, and Ms. S. Whetstone.

Item 2: Public Safety Report – 8:52 am

Those in attendance were: Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland (phone), Mr. B. Hehir, Mr. R. Hennessey, Dr. L. Jacobs, Ms. C. Leonardi, Mr. R. Samuels, Mr. P. Agnesi, Dr. P. Albertsen, Ms. L. Aronson, Mr. T. Borda, Mr. B. Carlson, Dr. P. Deckers, Mr. C. Dugger, Mr. B. Feldman, Mr. W. Kleinman, Dr. M. MacNeil, Ms. I. Mauriello, Mr. J. Thornton, Mr. D. Upton, Mr. K. Walker, Mr. J. Walter, Dr. S. Wetstone, and Ms. S. Whetstone.

Item 3: On-going Litigation – 9:09 am

Those in attendance were: Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland (phone), Mr. B. Hehir, Mr. R. Hennessey, Dr. L. Jacobs, Ms. C. Leonardi, Mr. R. Samuels, Mr. P. Agnesi, Dr. P. Albertsen, Ms. L. Aronson, Mr. T. Borda, Mr. B. Carlson, Dr. P. Deckers, Mr. C. Dugger, Mr. B. Feldman, Mr. W. Kleinman, Dr. M. MacNeil, Ms. I. Mauriello, Mr. J. Thornton, Mr. D. Upton, Mr. K. Walker, Mr. J. Walter, Dr. S. Wetstone, and Ms. S. Whetstone.

Item 4: Personnel Matter – 9:15 am

Those in attendance were: Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland (phone), Mr. B. Hehir, Mr. R. Hennessey, Dr. L. Jacobs, Ms. C. Leonardi, Mr. R. Samuels, Dr. P. Albertsen, B. Carlson, Dr. P. Deckers, Mr. J. Thornton, Mr. D. Upton, Dr. S. Wetstone, and Ms. S. Whetstone.

Executive Session adjourned at 9:20 a.m.

Regular session resumed at 9:22 a.m.

Chair's Remarks – Dr. Burrow

- Dr. Burrow recognized Dr. Michelle Cloutier who is this year's recipient of the UCHC Board of Directors Faculty Recognition Award.

- Since the Legislature has not passed a budget for FY 08 yet, the Board of Trustees will not consider and approve the University or UCHC operating and capital budgets until their August meeting. The UCHC operating budget to be presented today may only be considered an interim spending plan. The UCHC capital budget will be presented to special meetings of the Finance subcommittee and full Board to be scheduled sometime prior to the Trustees meeting. If material changes occur to the operating budget as a result of Legislative action, the soon to be announced state-wide fringe benefits rate or other reason, the operating budget will also be revisited and require approval at these special meetings.

1. Public Comment

- David Rozenski encouraged the Board to be environmentally conscious as the plans for a new John Dempsey Hospital move forward.

2. Approval of Minutes

- The BoD unanimously approved the Minutes of March 5, 2007

3. Consents

Item 3.6, Dermatology lease, was removed from the agenda. The other consent agenda items were unanimously approved:

3.1 SoDM Bylaws

That the UCHC Board of Directors approve the attached proposed Bylaws for a new Dental Senate (currently Dental Council) including policies for standing committees of the Dental Senate (listed on page 9 in Board binder).

3.2 Transfer of funds to UCHC Finance Corporation to perform functions for the John Dempsey Hospital for July 1, 2007-June 30, 2008

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 \$24,868,100, for the period July 1, 2007 to June 30, 2008, 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 2008 operating and capital budgets that contain sufficient funding to execute them. Monies will be transferred to the Finance Corporation on a quarterly basis during the fiscal year.

3.3 Transfer for funds to UCHC Finance Corporation to perform functions for the UConn Medical Group & UConn Health Partners for July 1, 2007-June 30, 2008

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 Connecticut General Statutes, and further authorize the transfer of up to \$8,206,900, for the period July 1, 2007 to June 30, 2008, 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 2008 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.

3.4 Transfer for funds to UCHC Finance Corporation to perform functions for the Correctional Managed Health Care Program for July 1, 2007-June 30, 2008

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 \$1,020,000, for the period July 1, 2007 through June 30, 2008, 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 2008 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.

3.5 Transfer for funds to UCHC Finance Corporation to perform functions for University Dentists and Faculty Practice for July 1, 2007-June 30, 2008

That the Board of Directors authorize the University of Connecticut Health Center, through its clinical entities 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 \$791,500, for the period July 1, 2007 through June 30, 2008, 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 2008 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.

3.6 Lease: Dermatology-South Road

Removed from the agenda.

3.7 Lease: Pharmacy-East Hartford

That the Board of Directors recommend that the Board of Trustees authorize the lease of approximately 680 square feet of space in the 99 Ash Street, East Hartford complex to Walgreen Eastern Company, Inc. for the period of June 1, 2007 through December 31, 2011 at \$25.00 per square foot for a total of \$17,000 per year and further authorize the Executive Vice President for Health Affairs or

his designee to execute said lease on behalf of the University of Connecticut Health Center.

3.8 Lease: Occupational Medicine-Exchange

A revise resolution was distributed at the meeting.

That the Board of Directors recommends that the Board of Trustees authorize a lease agreement with New Boston Exchange Limited Partnership for 7,785 of net usable square feet (NUSF), Suite 262, located on the second floor of the building commonly known as The Exchange, 270 Farmington Avenue. The total annual cost of this lease is \$172,282. The price per square foot, \$22.13, includes the cost of required tenant improvements to the space. The term of the agreement is five years: September 1, 2007 to August 31, 2012.

4. Main Business Items

4.1 Legislative Updates – Ms. Lombardo, Attorney Rubin and Dr. Deckers

Updates on the legislative session were provided:

- The session officially ended on June 6, 2007, but at that time no state budget had been approved. A special budget session will be called, presumably so this work can be completed by July 1. This leaves open the issues of the funding of the academic gap, support for the additional costs serviced by the John Dempsey Hospital for state mandated fringe benefits above and beyond what other hospitals in the state pay, and a deficiency appropriation to cover the FY 07 deficit.
- Recent rulings by the State Ethics Commission and/or opinions issued by the staff of the Office of State Ethics have significantly limited the ability for potential vendors and state lobbyists to donate money or equipment to Higher Education units as well as seriously threaten the faculty ability to consult. We have sought and obtained Legislative relief for both of these. The tradeoff in securing consulting, (and that bill passed unanimously), is the need for more extensive internal controls, including regularly recurring audits, annual reports to the Joint Audit and Compliance subcommittee of the Board of Trustees, and oversight by a committee which in addition to University personnel consists of three members appointed by the Governor/Legislative leadership and a member of the State Ethics Commission.
- An omnibus health care bill has passed which includes funding appropriated for the Health Center regarding the Connecticut Health Information Network (CHIN). This activity, which will be performed by the Center for Public Health and Health Policy, was not part of our legislative agenda, but was proposed by legislators independently.
- Our request for support to enable a replacement hospital was not granted. Instead, a report is being commissioned to study the need for a new hospital. The preliminary report is due in March 2008 with a final version in June. This

report will be developed by the Connecticut Academy of Science and Engineering through the Office of Health Care Access. This bill is still subject to change, especially through the implementer bill.

The Board discussed the importance of the Hospital study, both in terms of its timing (apparently too late to allow action in the short legislative session), but also its content (simply an assessment of bed needs, the importance of JDH to the School of Medicine, or a regionalization plan.)

4.2 Operating Budget – Dr. Deckers and Mr. Upton

Dr. Deckers reviewed the definition of the 'Academic Gap' and why the John Dempsey Hospital is no longer in a position to subsidize the schools. He also discussed the additional burdens for the Hospital to service state mandated fringe benefit rates (on average ~13% higher than State averages) and the need to build a new hospital with a higher proportion of medical/surgical beds and sufficient size to cover fixed costs.

In FY 07, despite a successful \$9 million revenue enhancement/expense reduction plan, UCHC incurred a \$12.8 million deficit on the academic side and an additional \$9.3 million in the Hospital. JDH, while profitable for the past 5 years, suffered a significant downturn in profitability due to changes in payer mix, case mix and inadequate reimbursements from payers. JDH has a Medicaid population of 23% independent of the Correctional Managed Health Care program and only received 68-71 cents per dollar of true cost for these patients.

Ms. Leonardi noted that the Finance Committee had initially reviewed the proposed FY 08 operating budget but was uncomfortable with the level of optimism in its assumptions. The Subcommittee asked management to adjust revenues based on the past year's case and revenue mix, to reconsider the growth assumptions, and to adjust the F & A (facilities and administration) projection back to our historical experience.

The Finance Committee reviewed management's changes in a subsequent meeting and is now satisfied with the level of aggressiveness in the assumptions. These are reflected in the budget being proposed today. These reductions in revenue prediction were accompanied by reductions in expenses as well.

Mr. Upton reviewed the proposed FY 08 operating budget as described in the document entitled "Fiscal Year 2008 Budget Presentation BoD meeting June 11, 2007". Highlights of this presentation included:

- Strategic priorities for FY 08 (pages 53c-e).
- An increase in non-State revenues of 6.9% to \$580.8 million.
- An increase in expenses of 6.3% to \$712.4 million.
- An increase in State support of 25.5% to \$131.7 million which increases from 16.2% of the total budget to 18.5%.
- Budget assumptions (pages 53k-cc)
- Sensitivity analysis (i.e. impact if key budget assumptions are not met, pages 53ee-ii)

Both Drs. Burrow and Jacobs raised questions concerning stem cell research regarding the need to keep any federally funded supplies, equipment, and facilities separate from such research as well as the impact of recently reported progress some scientists have had with non-embryonic stem cell lines. These are not currently viewed as threats to our program.

The Board unanimously approved a resolution to adopt the proposed FY 08 operating budget as presented, with the understanding that if material changes are needed as a result of a final State budget being approved and/or other new information that arises such as the State fringe benefit rate, a new operating budget will be presented for approval at the next meeting of the Board later in the summer.

4.3 Capital Budget

This discussion was deferred until the next meeting later this summer.

4.4 Appointment to Boehringer Ingelheim Endowed Chair in Cell Sciences

The following resolution was approved unanimously:

That the University of Connecticut Health Center Board of Directors appoint Dr. Leslie Loew to the Boehringer Ingelheim Chair in Cell Sciences. The duration of this appointment is at the pleasure of the Dean. The revenues generated by the endowment would be used to support approximately 20% of Dr. Loew's salary. This appointment is effective July 1, 2007 and is contingent on the Board of Trustees approving the change in name of this chair from Clinical Pharmacology to Cell Sciences at their meeting on June 19, 2007.

5. CEO Report - Dr. Deckers

5.1 CEO Letter and Updates

Dr. Deckers reviewed the key issues he raised in his September 2006 CEO's report and the progress made with each item (pages 76-83.)

Dr. Deckers called on Dr. Mary Casey Jacobs, Associate Dean for Faculty Affairs, to provide updates on the formal departmental reviews taking place in the School of Medicine: The Departments of Cell Biology, Family Medicine, Pharmacology, and the Lions Center for Vision Immunology. The reports of the review committees have been, and will continue to be, analyzed thoroughly by the Dean's Council. Recommendations for academic and clinical enhancement of these departments and centers are being considered. The Pharmacology Department has been officially disbanded and the staff has been successfully integrated into other departments.

Dr. Deckers was asked to define who has responsibility/accountability for new hires. Dr. Deckers reported that a new committee has been created, which he chairs, to oversee the recruitment of faculty and staff with salaries over \$100,000. He noted that there has only been 1 meeting so far. Careful consideration must be given to revenue generation, but they must also align with our strategic initiatives and core institutional needs. This new committee will work in tandem with the Research Recruitment Committee.

At the Board of Directors' request, an RFP for business transformation was issued in December, 2006. Eight proposals were received in response to the RFP issued in conjunction with hiring a consultant to guide the UCHC in evaluating and implementing strategic business transformation. The UCHC BEST Steering Committee has reviewed the proposals and has identified 4 vendors to be invited for interviews. The Committee will use the interview process to educate itself about the practical application of transformation and evaluate the UCHC's readiness in light of actual consultant experiences with other institutions. We continue to look for new methods of managing operations and finances within the organization that will allow economies of scale and enhanced efficiency.

5.2 Affirmative Action Report – Ms. Lyle

This initiative, specifically to enhance diversity and create a culture that respects, values and promotes differences as good moral and business sense, is being led by Carolyn Lyle working with Susan Whetstone and many others. It is part of our mission and a core goal. Ms. Lyle made a PowerPoint presentation updating the Board on the Office of Diversity and Equity's efforts to date.

Many '07 goals have been accomplished including the implementation of better recruitment processes, a change in the annual assessment of managers to include diversity accountability and an increase in the use of minority owned/operated businesses. UCHC is currently (prior to year's end) at about 50% of its promotional goals and 30% of its recruitment goals and this is expected to improve by year's end.

A discussion ensued in how hiring goals are determined and how often we actually make those goals. These goals are based on the availability of suitable candidates in the local workforce and at times the goals might not be what are traditionally thought of in the context of diversity. For example, the "goal" candidates for the Executive Assistant position in the EVP's office included white males. Our year-to-date rates of meeting our stated targets are not at the levels we would like, but are improving. Unfortunately, we do not have good benchmarks for how other state agencies are doing so we must use our own previous experience as our baseline for year to year comparisons.

6. Academic Affairs - Dr. Galvin

Commissioner Galvin noted that the faculty issue was settled at its last meeting.

7. Clinical Affairs - Mr. Thornton

A quorum was not available and therefore the last meeting was cancelled.

8. Financial Affairs – Ms. Leonardi

8.1 The Capital Budget will be deferred until the next meeting of the Finance subcommittee later in the summer. There will be a comprehensive look at the UConn 2000 phase III plan and the need to understand the cash flow as it pertains to that portion of the capital budget not funded by the State capital funds.

8.2 Delegation of Authority to the Finance Subcommittee/ Recommendations of Project Budgets to the BoT. This item was deferred and will be presented with the capital budget.

8.3 Beckman Coulter, Inc. Purchase Order Amendment

The Board unanimously approved adding this item to the agenda, which was discussed at the last meeting of the Finance subcommittee, but without closure. It is now being presented with additional information.

UCHC currently has an agreement in place with Beckman Coulter, Inc. that provides clinical reagents and instrumentation used in the Clinical Core Laboratory at JDH. This instrumentation automatically conducts a large number of clinical tests. As a result of significantly increasing demand for tests, both in volume and in the spectrum of tests the instrumentation is capable of performing, the current contract is being extended and additional funding is needed. As volume, and therefore the cost of the contracts, increases, the actual cost per test is decreasing and therefore the use of these reagents and instrumentation has had a positive impact on the Laboratory's budget.

The agreement with Beckman Coulter, Inc. is under the jurisdiction of the UCHC Finance Corporation, but based on Dr. Rowe's request, all such items should be reviewed by the UCHC BoD Finance subcommittee first. Given that this was not successfully reviewed by the Finance subcommittee, it was brought to a vote and unanimously approved by the UCHC Board of Directors. The Finance Corporation resolution reads as follows:

That the Board of Directors approve an amendment to the original Purchase Order with Beckman Coulter, Inc. to provide for funding of \$8,345,000, an increase of \$3,500,000 over the current amount of \$4,845,000 and that the Executive Director be authorized to amend the Purchase Order.

9. Other Reports

9.1 Joint Audit and Compliance Subcommittee of the Board of Trustees – Ms. Leonardi

The Committee last met on June 6 and reviewed multiple items. There were no material findings to bring to the attention of the Board of Directors.

There being no further business, the meeting was adjourned at 11:02 a.m.

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees:

Dr. G. Burrow, Ms. C. Chase, Mr. S. Cloud, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland (phone), Mr. B. Hehir, Mr. R. Hennessey, Dr. L. Jacobs, Ms. C. Leonardi, Mr. R. Samuels, Dr. P. Deckers, Dr. M. MacNeil.

Documents Distributed During the Meeting:

An Act Concerning the University of Connecticut Health Center, Bill No. 1316
Lease of Space—The Exchange—270 Farmington Avenue—Occupational Medicine
Beckman Coulter, Inc. Purchase Order Amendment