



BOARD OF DIRECTORS MEETING

September 17, 2007
Minutes

Dr. Burrow called the meeting to order at 8:35 a.m.
By unanimous vote the committee entered into Executive Session.

Item A: Introduction of President John Hogan, the new President of the University of Connecticut.

Executive session adjourned at 8:59 a.m.
Public session resumed at 9:00 a.m.

Chair's Remarks — Dr. Burrow

- Dr. Burrow introduced Mr. John Droney as the new member to the UCHC Board of Directors.
- Dr. Burrow discussed the Planetree model, a customer oriented business model for hospitals. He invited members of the Board to attend a scheduled introductory session at Griffin Hospital on October 19, 2007.
- Mr. Robert Hennessy's service on the Board of Directors was formally acknowledged and the Board's deep appreciation for his exemplary service expressed. Mr. Hennessy brought to his responsibilities as a member of the Board a unique combination of organizational and fiscal expertise. The Board unanimously approved the resolution under tab 10 to this end with copies sent to the Board of Trustees.
- Ms. Claire Leonardi's service on the Board of Directors was formally acknowledged and the Board's deep appreciation for her exemplary service expressed. Ms. Leonardi has served with distinction as the first Chair of the Board of Directors, the Chair of the Finance subcommittee, and a member of the Clinical Affairs, Academic Affairs, and Joint Audit and Compliance subcommittees. The Board unanimously approved the resolution under tab 10 to this end with copies sent to the Board of Trustees.
- Mr. David Marks service on the Board of Directors was formally acknowledged and the Board's deep appreciation for his exemplary service expressed. Mr. Marks has been an advocate for sound financial planning and served with distinction as chair of the Finance subcommittee. The Board unanimously approved the resolution under tab 10 to this end with copies sent to the Board of Trustees.

I. Public Comment

- There was no public comment.

2. Approval of Minutes

- The BoD unanimously approved the Minutes of July 16, 2007.

3. Consents

- School of Medicine Bylaws

The following resolution was unanimously approved:

That the Board of Directors approve the attached changes to the School of Medicine Bylaws.

- ChartOne Contract Amendment

The following recommendation was unanimously approved:

That the UCHC Board of Directors recommends that the Finance Corporation Board of Directors approve an amendment to the existing contract to increase the value by an additional \$528,000, on behalf of the John Dempsey Hospital and UConn Medical Group, with ChartOne, based on average monthly expenditures.

4. Main Business Items

4.1 Transformation Update — S. Whetstone

Upon the request of the UCHC Board of Directors an RFP was issued seeking assistance in designing and implementing a program aimed at designing and implementing an academic health center strategic business transformation.

The firm of PriceWaterhouseCoopers has been engaged to provide limited consulting assistance in framing the rational and essential elements of a successful transformation and change management process with the Board and senior leadership. Dr. David Chen (PWC) will present their work at the Board's November 30, 2007 retreat.

4.2 Ambulatory Plan and ASB/Medical Services Renovation —P. Albertsen

Dr. Peter Albertsen discussed the recommended ambulatory strategy noting that Ambulatory development on the main campus is the highest priority and the need to accommodate demand for services on-site maximizing scarce faculty and other clinical resources.

The following resolution was unanimously approved:

That the Board of Directors authorizes the University of Connecticut Health Center (UCHC) to contract with the University of Connecticut Health Center Finance Corporation (UCHCFC) on behalf of the Clinical Enterprise, to renovate the Administrative Services Building for clinical use; and further,

That the Board of Directors, authorizes UCHC 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 UCHCFC to (i) lease the building and development rights to UCHCFC, (ii) enter into a mortgage to finance the full cost of renovation of the building and related expenses in an amount not to exceed \$18,000,000 (iii) to execute a long term master lease from UCHCFC to UCHC 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 of the building.

4.3 Financial Update and Monitoring Plan - D. Upton

Mr. Daniel Upton presented the Financial Update and Monitoring Plan. The Health Center ended Fiscal Year 2007 with a \$1.6 million deficit. The Health Center was aided by the receipt of a Deficiency Appropriation of \$22.1 million for FY 07, which reduced a \$23.7 million shortfall to the final deficit of \$1.6 million. The deficit was caused by an Academic Gap of \$16.6 million and a deficit at the John Dempsey Hospital (JDH) of \$7.1 million. After a period of significant growth, tuition and federal research support are leveling. The state appropriation has been flat, growing a total of only 4.4% since FY 01 (an average annual increase of 0.7%). As a result, the Academic Gap has been growing steadily. Factors contributing to the Academic Gap include increased utility expense, depreciation, repairs and maintenance, fringe benefits, interest expense (the State charges for funds fronted to cover the academic program's negative cash position), a UMG deficit, and the research funds unfavorable to the budget.

Mr. Upton handed out the July, 2007 financial report. The actual deficiency for July is \$546,000 as compared to a budgeted deficiency of \$621,000, for a favorable variance of \$75,000. Comparing the current year results of operations to last fiscal year's result (an actual deficiency of \$1.2 million), the result in a favorable variance of \$615,000.

Highlights for the first month shows the academic business units favorable to the budget by \$1.5 million and the clinical operation unfavorable to the budget by \$777,000. Hospital volume continue to exceed budget and prior year levels, and hospital expenses per adjusted discharge are below budget and have increased less than 1% from last year. The hospital deficit is due primarily to hospital revenues as a result of changes in payor mix and service line shifts.

The Finance Department has been analyzing and understanding the factors contributing to deficit and have implemented some changes which will impact the FY 08 budget. These include:

- RFP's has been issued for outside consultants to review managed care contracts and review the 'Revenue Cycle'.
- FTE Management — all vacancies are reviewed weekly and Senior management reviews all faculty and higher salaried positions.
- Service line reports which will identify potential opportunities for expenses management and revenue cycle improvements.
- Continued analysis for Correctional Managed Health Care for identifying the actual cost for JDH.

4.4 Executive Vice President for Health Affairs/Dean SoM Search — R. Garibaldi

Dr. Richard Garibaldi notified Board Members of the status of the Executive Vice President for Health Affairs/Dean of the School of Medicine search highlighting the following:

- The Search Committee for the position of EVP/Dean of the School of Medicine has been named — diverse group of individuals. Committee has met once and given charge.
- The Search Committee will conduct a national search, assisted by Isaacson Miller — currently conducting interviews with key stakeholders, due to report back to committee in late September.
- By February 1st, 2008, the search committee should identify and present to the President of the University two to five finalists.
- The University seeks to have a new EVP/Dena in place no later than July 1, 2008.

4.5 New Clinical Education Care Model, School of Dental Medicine — M. MacNeil

Dr. Lamont MacNeil reported on a proposed new Clinical Education/ Care model which involves Fourth Year Dental Students and residents in the Advanced Education in General Dentistry program. Three essential components include:

Educational Philosophy — “401”= Endorsement of PGY-I, at minimum

Patient Care Delivery Model

-Comprehensive care focused

-3 strata of providers

-mimics private practice (e.g. personnel)

-more robust; increases care capacity

Financial improvements —viable and sustainable

5. Chief Executive Officer’s Report — P. Deckers

Dr. Deckers referred members to the CEO Report on page 104 of the Board book and discussed the three potential revenue streams for the Health Center including the State of Connecticut, Philanthropy, and the Clinical domain.

6. Academic Affairs Report — R. Galvin

Dr. Galvin presented a report on the last meeting of the Committee on August 9, 2007. This meeting was devoted to issues related to the School of Medicine Bylaws Revisions, and the School of Dental Medicine new Clinical Curriculum Model.

7. Clinical Affairs Report —

Mr. ---- presented a report on the last meeting of the Committee on September 11, 2007. This meeting was devoted to issues related to the role of the Clinical Affairs Committee. Standard reports were reviewed including Performance Indicators, C\$, and General Performance Indicators.

8. Financial Affairs Report — J. Haberland

Mr. Haberland presented a report on the last meeting of the Committee on September 10, 2007. This meeting was devoted to issues related to the School of Dental Medicine Clinical Education Model, Health Strategies and Solutions Engagement, and a Disparate Systems Update.

8.2 Project Budgets — S. Whetstone

8.2.1 (Revised Planning) — Support Building Addition/Renovation

8.2.2 (Revised Planning) — Medical Services Building Renovation

8.2.3 (Revised Planning) — Dental School Renovation

8.2.4 (Final) — Munson Road Renovations and Expanded Parking

8.2.5 (Design) — Main Cooling System Back-Up Chiller Replacement

8.2.6 (Final) — Electric Heat Conversion Project

8.2.7 Project Close-out — Project Budget (Planning) — Data Center Relocation to Munson Road

8.2.8 (Approval) — Dental Implant Center Renovation

The Board unanimously approved the above named Project Budgets.

9. Other Reports —

Certification of Compliance Agreement — I. Mauriello

Ms. Mauriello notified Board members of UCHC's new certification, a three year agreement under CCA. Additionally, Ms. Mauriello discussed the various trainings required of Board members including training on University Code of Conduct and Security which is conducted by Dr. Scott Wetstone's office annually. Additionally, a new background screen is required of Board members similar to the background screen for new employees and will be conducted twice yearly. A Public list is maintained by Health and Human services.

Code of Conduct of Financial Aid — M. Walker

Mr. Mike Walker notified Board members of the new Financial Aid Code of Conduct. The State Attorney General's office has created this code which could potentially be problematic, centered around the concept that any Board member who is affiliated or involved in loan servicing cannot serve on the Board of Directors. Mr. Walker's office is working to have our Board recused.

Connecticut Academy of Science and Engineering (CASE) — B. Carlson

The Connecticut Academy of Science and Engineering (CASE) has been designated by the legislature to conduct the analysis of the UCHC Clinical Facilities Plan. Mr. Carlson discussed areas of concern CASE will look at including, the impact on other hospitals, the demographics of the state, and the need for beds. The Health Center has been asked by CASE to conduct a briefing to the committee, consultants and legislators on September 20th and October 4th.

There being no further business, the meeting was adjourned at 5:59 p.m.

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees:

Dr. G. Burrow, Ms. C. Chase, Mr. M. Cicchetti, Mr. S. Cloud, Mr. J. Droney, Dr. R. Galvin, Dr. J. Goldberg, Mr. J. Haberland, President J. Hogan, Dr. L. Jacobs, and Mr. R. Samuels. Call- in Dr. D. Friend

Documents Distributed During the Meeting:

UCHC Strategic Business Redesign and Transformation Initiative- Request for Proposal

401 Clinical Education Model

Financial Report — Fiscal Year 2008