



BOARD OF DIRECTORS MEETING

March 10, 2008
Minutes

Dr. Burrow called the meeting to order at 8:33 a.m.

1. Public Comment

Mr. Michael Michonski addressed the Board on the creation of the first synthetic bacterial genome and how this is a milestone that should alert us to the extreme importance of bio-defense related research.

2. Approval of Minutes

The BoD unanimously approved the Minutes of December 10, 2007, January 10, 2008 and January 21, 2008.

3. Main Business Items

- 3.1) Proposed Meeting Schedule for 2008-2009. – BoD members were asked to reserve these dates in their calendars.
- 3.2) Update on the Search for Vice President for Health Affairs and Dean, School of Medicine

Dr. Garibaldi summarized progress of selection process which included a nineteen member search committee supported by an executive search firm, Isaacson, Miller. Of the initial pool of candidates, eight were selected for “airport” interviews and from these, there are two finalists who will be visiting the Health Center in the next few weeks. Our goal is to have someone named within a month. President Hogan commented on the quality and quantity of the applicant pool which, in itself, is a statement of the good reputation that the University has throughout the nation.

3.3) Update from President Hogan on Structural Changes

Last winter, President Hogan shared ideas for increasing collaborations across all UConn's campuses with the primary aim of enhancing our research and education productivity and quality. After consulting with many constituency groups, a proposal was presented to the Board of Trustees that was enthusiastically endorsed. Major components of that proposal included:

- The deans from the School of Medicine and the School of Dental Medicine will report directly to the Provost and Executive Vice President, Dr. Peter Nicholls, on school level/academic matters. They will become active members of the existing Council of Deans.
- The Vice President for Health Affairs will report to the President on matters pertaining to the clinical and administrative activities of the Health Center.
- The University will create a new university-wide position, Vice President for Research, who will be responsible for coordinating and facilitating research across the University. This position will report both the President and the Provost and Executive Vice President. The search for this position is underway.

There are many details to be worked out to support these changes. One area that may need consideration is clarifying the roles of the Board of Directors and how it relates to those of the Board of Trustees. One Board member asked that when such a review takes place, BoD members should participate in the process.

4. Chief Executive Officer's Report – P. Deckers

- Dr. Deckers reported that the upcoming graduation on May 18 will be the 37th graduation of the School of Medicine and Dental Medicine. Ms. Claire Leonardi is the University Medal Award winner, and will receive her medal at the UCHC Commencement ceremony.

5. Academic Affairs Report – R. Galvin

- Dr. Galvin reported that there was no meeting in February and the next meeting of the Academic Affairs Subcommittee is scheduled for May 5, 2008.

6. Clinical Affairs Report – J. Thornton

- Mr. Thornton noted that preparation for the next Joint Commission visit has begun.
- The clinical enterprise key indicators were reviewed.

7. Financial Affairs Report – J. Haberland

The UCHC Finance Subcommittee has met several times to discuss the FY 08 budget. Dr. Burrow acknowledged this and thanked the committee for giving up their time for additional meetings.

Mr Upton provided a brief update which highlighted a YTD deficit of \$12 million with a projected year-end deficit of \$22 million. This is principally been drive by losses for the John Dempsey Hospital. The Governor's budget recognized \$10.9 of this for a deficiency funding supplement, and we are hopeful that the full \$22 million will be addressed later in the Legislative session.

John Dempsey Hospital operations have average ~\$2 million deficit per month but in January was only \$0.9 million. In January, net patient revenue was ahead of budget by 2% and there is improvement in the revenue per unit due to increased surgery activity (total surgery cases were 14% higher then the previous six month average); even though admissions have been below budget, the decreased activity has tended to be in poorly reimbursed areas. Expenses, however, have been unfavorable to the budget plan. The categories that are over budget are salaries, fringe benefits and drugs.

UConn Medical Group showed a deficit of \$810,000 for the month and was unfavorable to the budget plan by \$585,000. The variance is caused by new physician hires; the volume from the new recruitments have not reached anticipated levels.

Research showed an unfavorable variance of \$385,000 for the month which is a slight improvement form the previous six month average.

Institutional Support was unfavorable to the budget plan for the first time this fiscal year, due to increased snow removal costs and the cost of the PWC engagement. Utilities continue to track favorable to the budget.

Other recent events that will impact future months:

- ❖ The "Medicare, Medicaid, and SCHIP Extension Act of 2007", signed on December 29, 2007, extends the Section 508 wage index provision for one year. This reinstates our higher wage factor and is retroactively applied to October 1, 2007. This will increase the Medicare reimbursement for JDH by \$3.0 million for FY 2008.
- ❖ The "Medicare, Medicaid, and SCHIP Extension Act of 2007" also increased the physician fee schedule by .5% versus the 10% cut that was originally planned. The impact will be increased reimbursement of approximately \$100,000 for FY 2008.
- ❖ Medicare issued a final rule for the outpatient payment system for hospitals, effective January 1. JDH will see an increase of \$115,000 for FY 2008.
- ❖ The Department of Social Services (DSS) has issued the new inpatient rates for Medicaid. The effective increase is 2% compared to the expected budgeted increase of 9%. We have filed a formal appeal of the rate with DSS and await a response.
- ❖ DSS has announced the new rates for physician services for Medicaid will take effect January 1 rather than the start of the fiscal year. Although year-to-date we have not accrued for the planned increase, the impact is nevertheless a loss of expected revenue of \$300,000 for the entire year.

- **Leases**

The following resolution was approved unanimously:

That the Board of Directors approve rental of 500 sq. feet of space in an existing building with GMW Medical Services LLC and the landlord Centurion Properties LLC at 1131 West Street, Southington, CT for one year.

This lease was previously approved by the UCHC Finance Subcommittee at its January 28, 2008 meeting and the Board of Trustees Meeting of February 27, 2008, contingent on approval by this Board of Directors.

- **Actions for Approval**

The following action items were approved unanimously:

- Administrative Leave with pay for Dr. Peter Deckers for the period of July 1, 2008 through June 30, 2009.
- Health Center Contracts over \$500,000:
 - Capitol Area Health Consortium - \$37,625,536.
 - The Hospital of Central Connecticut (3 revenue contracts: \$921,009, \$996,192, and \$676,152)
- Finance Corporation Contracts over \$500,000. The Board of Directors recommended the UCHC Finance Corporation Board of Directors approve the following:
 - Television Rental Corporation (TVR) Contract Amendment – an increase in contract amount from \$425,000 to \$602,000.
 - MRI Equipment Replacement – in an amount not to exceed \$2,200,000.
- Project Budgets

(Because of the sequence of meetings in February and March, these budgets were previously approved by the Board of Trustees contingent on Board of Directors approval)

- (Final) Main Cooling System Back-Up Chiller Replacement – not to exceed \$935,000
- (Final Revised) Electronic Heat Conversion Project – not to exceed \$1,620,000

(The Health Center is getting back approximately \$1M in energy savings annually from the above two projects.)

- (Revised Planning) UCHC Research Tower – not to exceed \$50,852,000 .

Ms. Whetstone explained the increase of approximately \$4 million which included adding an auditorium, parking, and enhanced natural lighting as well

as making this building environmental friendly (LEEDS standards). The completion date is expected to be March of 2010. The Board raised concerns that this project's cost may increase again but were assured that UCHC has done sufficient due diligence to minimize that likelihood. There is also a 10% contingency reserve in place for any unforeseen circumstances.

- **Informational Items for Review (presented without discussion)**

- Personnel List
- Health Center Contracts under \$500,000
- Finance Corporation Contracts under \$500,000
 - Precyse Solutions, LLC Contract Amendment
 - Connecticut Cardiothoracic Associates, LLC Contract Renewal
 - Mobile MRI Equipment
- Finance Meeting Minutes from 12/3/07,1/28/08,2/26/08

8. Other Reports

- Joint Audit and Compliance Committee Report – J. Haberland
No significant items to report.
- Compliance Updates – I. Mauriello
No significant item of specific concern t report from the Compliance Office.

9. Executive Session

By unanimous vote, the Board entered into Executive Session at 9:18 am.

Clinical Facilities Planning - Preliminary Notes and Drafts (9:18 am)

Attendees: G. Burrow, M. Cicchetti, S. Cloud (phone), J. Droney, R. Galvin, J. Goldberg, J. Haberland, B. Hehir, M. Hogan, L. Jacobs, R. Samuels, W. Shepperd. D. Chin (PWC), F. Pennell (PWC), A. Edwards (PWC).

PWC Report - Preliminary Notes and Drafts (9:29 am)

Attendees: G. Burrow, M. Cicchetti, S. Cloud (phone), J. Droney, R. Galvin, J. Goldberg, J. Haberland, B. Hehir, M. Hogan, L. Jacobs, R. Samuels, W. Shepperd. D. Chin (PWC), F. Pennell (PWC), A. Edwards (PWC).

Executive Session concluded at 11:45 a.m.

10. Academic Plan

Provost Nicholls addressed the Board on the Academic Plan (Our World, Our People, Our Future: The University of Connecticut Academic Plan 2008-2013.). This plan has been under development for 1 ½ year and its goal is to enable the University to be recognized as one of the top-20 public research universities in the nation.

The draft sets forth a plan of goals and strategic steps that will advance the University's standing in four interrelated areas: undergraduate education, graduate and professional education, research and public engagement. Its major themes are the environment, health and human behavior, and education/workforce development.

Provost Nicholls has held meetings and continues to meet with various leadership groups at the Health Center on this project. He has incorporated the signature programs and the CTSA proposal, as well as other strengths which include nanotechnology, stem cell research, fuel cell research and the behavioral sciences. Provost Nicholls feels the university has a national presence because of the above. Discussions on the fiscal implications continue while exploring new revenue streams and reallocation of existing revenues.

The entire draft plan is expected to be presented to the Board of Trustees on April 15th and can be viewed on the Uconn website - academicplan.uconn.edu.

There being no further business, the meeting was adjourned at 11:56 am

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees: M. Bertolini, G. Burrow, M. Cicchetti, S. Cloud (phone), J. Droney, R. Galvin, J. Goldberg, J. Haberland, B. Hehir, M. Hogan, L. Jacobs, R. Samuels, and W. Shepperd.