



University of Connecticut
Health Center

Health Affairs Committee

June 19, 2001
Minutes

Attendees: See attached list.

Ms. Leonardi called the meeting to order at 8:24 a.m.

I. Public Comment

- None.

II. Introductory Business Items

A. Approval of Minutes – May 1, 2001

- The minutes of May 1, 2001 were corrected to reflect that HAC left Executive session and resumed public session again at 10:48 am and not 11:48 am as printed. The minutes were then approved unanimously.

B. Recognition(s) – None.

III. Consents:

A. Institutional

- Contracts > \$500,000

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees approve contracts and agreements labeled HC 1 – HC 14.**

B. Specific to the UCHS including JCC approved action items and UCHC Finance Corporation

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees authorize the University of Connecticut Health Center Finance Corporation to enter into a five-year lease of 3700 square feet with the Mount Sinai Hospital Foundation, Inc. on behalf of the Burgdorf Dental Clinic Program.**
- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees 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 \$10,286,900, for the period July 1, 2001 to June 30, 2002, from UConn Medical Group and UConn Health Partners to the Finance Corporation to fund said functions. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.**
- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees 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 \$495,100, for the period July 1, 2001 to June 30, 2002, from University Dentists and Faculty Practice to the Finance Corporation to fund said functions. Monies will be transferred to the Finance Corporation on an as-needed basis during the fiscal year.

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees 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 support the pharmacy management and purchase of pharmaceuticals, and hemodialysis services for the Correctional Managed Health Care Program, and further authorize the transfer of up to \$4,750,000, for the period July 1, 2001 to June 30, 2002, from the Health Center to the Finance Corporation to finance this contract. Monies will be transferred to the Finance Corporation on an as-needed basis during this period.**
- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees 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 \$21,932,800, for the period July 1, 2001 to June 30, 2002, from the Hospital to the Finance Corporation to fund said functions. Monies will be transferred to the Finance Corporation on a quarterly basis during the fiscal year.**
- UConn Health Partners Medical Group lease agreements were removed from the agenda.

C. Specific to the Schools

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees approve the School of Medicine Recommendations for tenure, promotion, appointment and reappointment.**

IV. Information Items:

A. Regularly Recurring Items

- Contracts > \$5000
- Contracts \$3,000 - \$5000
- Personnel actions

B. Policy Changes

- None.

C. Other Items

- None.

V. Education: None.

VI. Main Business

Budget Workshop

Overview of the Operating Budget (P. Deckers) - handout

- FY01 Accomplishments and Highlights
 - FY01 budget outlined programmatic and financial objectives which would be undertaken to achieve programmatic excellence by addressing the following goals: priority support for the UCHC mission, strategic growth and sustainable market position.
 - \$2.9 million of internal funding was allocated to support start up of the Strategic Plan and Signature Programs: Cancer, Connecticut Health, Musculoskeletal and Brain and Human Behavior
 - Connecticut Health initiative has positioned UCHC to become leader in the development of innovative partnerships with other State agencies, as well as the Storrs campus
 - Faculty compensation based on merit and performance will play important role in supporting efforts to achieve program excellence
 - Faculty attracted an estimated \$67 million in federal and non-federal sponsored research awards-\$9.7 million increase over last year.
 - A range of activities have successfully improved our clinical market position, These activities included community physician outreach, customer service training, expanded employee recognition program, contract with Department of Veterans Affairs
 - Attained financial stability through deficit reduction, continued cost improvements and finance and management operational improvements
 - Establishment of the Cost Improvement Program along with the development of a yearly Opportunity Register to insure continued financial improvement
 - SOM highlights: Began implementation of the four signature programs, implemented a merit-based faculty compensation plan, and expanded primary care teaching sites through the creation of UConn Health Partners.
 - SODM highlights: Class of 2001 top graduating class in nation, #1 on National Dental Boards, only dental school awarded \$2.5 M NIH funded Center for Interdisciplinary Research in Women's Health, \$4.5 M NIH training grant, 3 citations for Best Practices in Dental Education by American Dental Education Association
 - Research highlights: continued implementation of strategic plan with recruitment of 10 positions, developed infrastructure in genomics, increased external grant funding – 16.5%
 - JDH highlights: 4.3% increase in admissions; orthopedics admissions increased 25%, implement community physician ombudsman services, initiated rapid access in Ed and achieve a 15% increase in volume; improved patient satisfaction scores, received 2 Connecticut Quality Improvement awards, installed automated pharmacy dispensing system
 - UConn Medical Group highlights: evaluated corporate structure, implemented new collection cycle, expanded primary care practice, implemented compensation plan, expanded service lines by adding somnoplasty, auditory brain response, optical shop and dermatology laser
 - Institutional highlights: completed IT strategic plan RFP process, implemented facility master plan RFP process and automated time and attendance RFP process, improved financial reporting,

implemented labor union/management discussions, reorganized senior management, conducted merit compensation process

- FY 02 Overview
 - FY02 budget challenges: absorb the reduction of \$4.4 million previously received from State in FY01 as a one time allocation, absorb the loss of \$3.1 million from the non-renewal of state support for research strategic plan, make new investments (\$1.6 million) into Signature programs
 - FY02 Operating Budget proposed (\$471.9 million)— continue priority support for Signature Programs and priority programs, i.e. Health Science Education Center, Research Compensation Program, Research Strategic Plan, continue strategic growth, maintain and grow market position, i.e. UMG volumes, expand Psychiatry with DOC, Emergency Department capacity, DOC Pharmacy Program

The Committee requested information on UCHC's efforts at private fund raising. The current target is \$25 million with \$18 million already received, but the target will be increased to \$40 million. Currently there is a \$73 million endowment but a large portion of this is testamentary. Dr. Deckers views development as a major role of his position and will pursue this vigorously.

Operating Budget Details (D. Upton)

- In FY 00 UCHC received a one time State allocation of \$12.5 million to address the financial problems incurred. The end of year budget surplus was \$300 thousand. In FY 01 the one time allocation was \$7.5 million. After a \$1.7 million transfer to unfounded capital needs, the budget excess was \$215 thousand. In FY 02 UCHC will receive \$0 in one-time allocation and the anticipated budget excess will be \$90 thousand. Non-general fund revenues are estimated to increase 12.3% in FY 02 with all expenses increasing by 9.3%.
- The Committee raised concerns with the estimates of revenues and expenses:
 - State appropriations for FY 02 are not as yet set since the State budget hasn't been approved.
 - Rising drug costs, especially for our Corrections Managed Health Care clients. Corrections
 - Reduced reimbursement from both private and public payers.
 - Risk if estimated increases in patient volume don't take place.
- The Committee expressed its congratulations that the FY 02 can be balanced despite the need for \$20 million of one time State supplements over the past two years.
- The budget documents (pages 109 – 135) were reviewed in detail. A concern was raised whether UCHC had sufficient capacity to handle the estimated increases in patient volumes. It was felt that this could be handled, although it might require some renovations (which are included in the budget.)

The Committee was complementary regarding the expense reductions that have taken place and the quality of the measures being reported. They requested that balance sheets be provided soon. They urged management to continue disciplined expense reductions and not to let expenses creep back up.

Dr. Deckers raised his own concerns about the future: 1) expense per adjusted discharge is too high. Other hospitals compensate for this by accessing endowment funds, but that is not an option for JDH., 2) the estimated budget excess of \$90 thousand is very tight and single unexpected event could jeopardize a balanced budget. Even the best of hospitals, nationally, only have a 1-2 % operating margin.

Capital Budget Details (D. Upton)

- The budget documents (pages 138 – 140 were reviewed in detail
- There are \$26.2 million in unallocated bond funds that haven't as yet been released by the bond commission. The Legislature didn't allocate new bond fund for FY 02 due to this backlog. We must press to obtain their release.
- Other sources of funds may need to be considered for capital items in the future.
- Mr. Gelfenbien requested that more details be provided on the 5 year capital projects at a later date.

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees approves the University of Connecticut Health Center Operating Budget for the Fiscal Year 2002.**

- The HAC unanimously approved the following recommendation to the Board of Trustees – **That the Board of Trustees approves the University of Connecticut Health Center Capital Spending Plan for FY2002 and the five-year capital spending plan for FY 2003-2007.**

A. Chair's Remarks and Reports (C. Leonardi)

- Proposal to create a UCHC Board of Directors: Public Act 01-173, Sec. 35. Section 10a104 of the general statutes has been approved by the Legislature and is now before the Governor awaiting his signature. Once approved, the bylaws changes to Article V – Committees of the Board of Trustees that were presented to the BoT during the spring will be voted on. It is noted that the first Nominating Committee will be comprised of present Health Affairs Committee members, President Philip Austin, Chairman of the Board of Trustees, Roger Gelfenbien and the Executive Vice President for Health Affairs, Peter Deckers.

B. Deans' Remarks and Reports

1. School of Medicine (P. Deckers)

- Underrepresented Minority (URM) Scholarship initiative and the FY02 Operating Budget
 - Goal – provide full tuition and fee scholarships for 40 medical students (12.5%) and 12 dental students (7.5%).
 - FY02 – award 12 new scholarships to entering medical students and 3 to dental students.
 - FY00-01 base support – medical - \$416,845 (28) and dental - \$106,020 (7) for a total of \$523,045.
 - Sources of support proposed to help support the URM scholarship initiative include: base year funds plus J. Smith Fund, PHS Fund, Newman funds, Other General Aid, SATR Fund and University Accounts.
 - FY01-02 - \$596,346 (40) medical and \$135,512 (10) dental for a total of \$731,858 (50) projected.

2. School of Dental Medicine (P. Robinson)

- Awarded two training grants
 - \$2.5 M NIH funded Center for Interdisciplinary Research in Women's Health
 - \$4.5 M NIH training grant (5 years) to support dental students, graduate students and post docs encompassing University and Storrs campuses. 60% of current dental students participate in research.

- Dr. Jacobs noted that the successes of the School of Dental Medicine are largely unknown by the public and that a public awareness campaign should be considered.

3. Research Incentive Plan (R. Berlin)

- Developed by the Institutional Research Policy Advisory Committee (IRPAC) to reward productive faculty with a merit-based bonus plan beyond the scope of the current compensation plan as well as being responsive to the Board of Trustees and the PriveWaterhouseCoopers report.
- Eligibility for a bonus is established when the individual's grants exceed a defined minimum SSOG. The amount of the bonus is related to the total IDC generated and the degree to which the total SSOG exceeds this minimum.
- The plan is meant to encourage research activity, redress inequities among departments and stimulate research by clinical faculty.

The Committee asked that this policy be reviewed on an annual basis assessing specific parameters, i.e. change in numbers of grants, total grant support, IDC, salary support, clinical department research activities, distribution effects and salary ranking compared to AAMC scales.

C. Clinical Operations Report (S. Strongwater)

- Acknowledged UConnCares Council for execution of UConn Health Center's Celebration Day which had ~ 1,600 participants.
- JDH received two awards from the Connecticut Quality Improvement Partnership for Innovative Practice. A gold award to the Cardiac Step Down Unit and a Silver Award to Case Management. Special thanks to Jeanne Lattanzio.
- Patient satisfaction scores improved to 66% nationally and 60% in peer group with a target of 75%+.
- 25% increase in admissions over past 3 months.
- Pharmacy Information System was implemented and Pyxis Automated Drug Distribution Project was completed
- New faculty added in Medicine, Dermatology, Surgery, Psychiatry, Hem/Onc and Orthopedics.

D. CFO's Remarks and Reports (L. Aronson and D. Upton)

- For the period ending April 30, 2001 results are favorable to the budget allocation and management anticipates meeting budgeted forecast of an excess of \$170,000 after factoring in all state appropriations.

E. Other Business

VII. Executive Session – None.

There being no further business, the meeting was adjourned at 10:26 am.

Respectfully submitted,

Peter J. Deckers, M.D.

Attendees

J. Abromaitis, L. Aronson, P Austin, R. Berlin, J. Blechner, N. Brady, S Brohinsky, T. Callahan, T. Cawley, B Carlson, P Deckers, R Garibaldi, R. Gelfenbien, L. Jacobs, W Kleinman, J Lattanzio, C Leonardi, M. Martinez, J Mazzone, J. Noonan, D. Oliver, P Robinson, K. Sanford, D Serino, R Simon, S Strongwater, D Turling, D Upton, H. Waldman, J Walter, S Wetstone, S Whetstone and A. Wilson.

Documents Distributed During the Meeting

- a) Replacement Operating Budget Resolution page