

MINUTES
University of Connecticut Health Center
Finance Subcommittee Meeting
Tuesday, September 8, 2009

Voting Members

Jay Haberland, Chairperson (phone)
Mark Bertolini
Michael Cicchetti
Wayne Shepperd

Board Members Also in Attendance

President Mike Hogan (phone)

The meeting of the Finance Subcommittee of the University of Connecticut Board of Directors was held on Tuesday, September 8, 2009 in the Academic Research Building EG013. Mr. Haberland called the meeting to order at 9:00 a.m. The agenda was rearranged in order to accommodate availability of people for executive session.

1. Public Comment

None

2. Approval of Minutes

On a motion duly made and seconded, the Committee approved the Minutes of June 1, 2009.

3. CONSENT ITEMS

In the motion duly made, seconded and unanimously carried, the UCHC Finance Subcommittee recommended that the Board of Directors approve the following items \$500,000 and above:

- a. Unum Life Insurance Company of America
- b. Edwards Lifesciences
- c. Cochlear Americas
- d. Johnson & Johnson
- e. DESCO
- f. Carrier Corporation
- g. Sun Services, Inc.

A question raised by Mr. Cicchetti will be responded to by Mr. Brian Eaton on worker's compensation at the Board of Director's meeting.

In the motion duly made, seconded and unanimously carried, the UCHC Finance Subcommittee recommended that the Board of Directors endorse and recommend to the University Board of Trustees the following lease amendment:

- a. Hartford Hospital – Relocation of Pediatric HIV Space

In the motion duly made, seconded and unanimously carried, the UCHC Finance Subcommittee recommended that the Board of Directors endorse and recommend to the UCHC Finance Corporation Board approval at their September 25, 2009 meeting the following resolutions:

- a. **Television Rental Corporation (TVR) Contract Amendment #2**
- b. **Massachusetts General Hospital Institute for Health Policy Contract Amendment #2**
- c. **Sodexo Contract Amendment**
- d. **Jeffers and Ireland Amendment**

Moving forward with approval of capital projects, there was a discussion as to whether any of the proposed projects would affect or duplicate efforts if the affiliation goes forward. It was decided to table the orthodontics renovation planning budget until campus planning can investigate further and report to the Board of Directors at its September 14th meeting. The two remaining projects were approved as follows:

In the motion duly made, seconded and unanimously carried, the UCHC Finance Subcommittee recommended that the Board of Directors approve the Design Budget of \$3,075,000 for the UCHC Dental School Renovation (Pre-Clinical Teaching and Prosthetics Labs)

In the motion duly made, seconded and unanimously carried, the UCHC Finance Subcommittee recommended that the Board of Directors approve the Design Budget in the amount of \$2,990,000 for equipment purchase and renovations associated with the installation of a new 800 Mhz Nuclear Magnetic Resonance (NMR) imaging device.

4. Financial Reports and Updates

- **Operating Budget FY10 Discussion**

Mr. Biancamano gave the Committee a brief update on the status of the FY10 budget. The preliminary budget presented in June projected a loss of \$13.5M.

The recently passed State budget provides the Health Center \$118.9M in grant funds plus \$13.5M in fringe benefits for JDH; a significant increase for the Health Center. However, there are several concerns regarding the malpractice fund and budget language, which could potentially reduce the block grant. Management is working to protect and secure the level of appropriated funds. Legislators are due back at the end of September to finalize implementer budget language.

Mr. Gray stated that because of the uncertainties of the budget up to this point, we will postpone the budget workshop until October 20th, a reserve date for the Board of Trustees. This will necessitate special meetings of the Finance Subcommittee and the Board of Directors.

The Committee asked to be kept apprised of the any updates.

5. Executive Session

A motion was duly made and unanimously approved to move into Executive Session at 9:26 a.m.

- Discussion of preliminary notes and drafts;
- Discussion of strategy with respect to collective bargaining;
- Discussion of pending claims and litigation;

Attendees: - P. Albertsen, C. Andrews, J. Biancamano, M. Cicchetti, R. Gray, J. Haberland, M. Hogan, B. Kleinman, B. Koeppen, M. Lalande, C. Laurencin, J. Lombardo, M. MacNeil, J. Noonan, D. Plapler, W. Shepperd, S. Singha, M. Summerer, M. Walker,

Executive Session ended at 9:50 a.m. Regular session resumed.

6. Financial Reports and Updates (Continued)

- **June 2009 Financial Report – J. Biancamano**
Results of operations for the 12-month period ending June 30, 2009

The actual deficiency for the Fiscal Year is \$766,000 as compared to a budgeted deficiency of \$11.5 million, for a favorable variance of \$10.7 million. The favorable variance is the result of the \$22.2 million deficiency appropriation received in June. Results excluding the deficiency appropriation show a year to date deficit of \$22.9 million and the month of June with a deficiency of \$639,000 as compared to a budgeted deficiency of \$139,000, for an unfavorable variance of \$500,000. Key drivers of budget variances are outlined in the meeting packet.

- **July 2009 Financial Results – J. Biancamano**

The actual deficiency for the month of July is \$979,000 as compared to a current budget of \$1.0 million, resulting in a favorable variance of \$48,000. As the State of Connecticut does not currently have an operating budget, budget figures used in the preparation of the July statements are based on projections from prior year as well as current year estimated budget allotments as presented to the Board of Directors in June. Current month losses were primarily driven by JDH. Analysis of these units is included in meeting package.

Looking into FY 2010, the Health Center's main concern is volume. The activity at JDH is below budget for May, June and July by about 7-9%, although it increased slightly in August. Management is looking at where the drop is occurring and what action steps can be taken to improve results. Compared to other area hospitals, the Hospital of Central Connecticut has a decline in discharges while Hartford, St. Francis and Bristol have all seen an increase in volume. Uncertainty of the affiliation talks, the publicity of the bad facilities at JDH and eventual closure may have contributed to the decrease in referrals. Marketing efforts have intensified with hopes of elevating UCHC's image in the community. Dr. Laurencin has been meeting with area town council's to clarify what the Health Center is planning in regards to the affiliation. Dr. Laurencin also stated that we will continue the Advanced Life Support (EMT's) coverage in the surrounding towns.

General questions on personnel expense and agencies were addressed.

7. Updates and Informational Items

Contracts under \$500,000 and Personnel List were noted.

8. Other Reports (none)

• **Balanced Scorecard – M. Summerer and J. Biancamano**

The balanced scorecard is a tool used to assess the Hospital's turnaround strategy, and includes goals and metrics to assist the Committee and Administration in measuring progress toward achieving these goals. It is a work in progress and Dr. Summerer and staff are refining appropriate metrics in order to present a clear useful format to the Board. The finance subcommittee offered a few suggestions, including information on patient wait time for appointments. This document will be included in our meeting packets on a regular basis.

There being no other business, the meeting was adjourned at 10:20 a.m.

John M. Biancamano
For the Committee

The Next regularly scheduled meeting is November 9, 2009 in EG013. Because of the budget situation, there will be a special meeting scheduled before then and members will be polled accordingly.