

UCONN/HARTFORD HEALTH CARE INTEGRATION
FREQUENTLY ASKED QUESTIONS

1. Q. Why are UConn and Hartford Health Care pursuing the integration?

A. The overarching aims are to advance the status of the School of Medicine (SOM) and create a "destination" teaching hospital to further the academic and research missions. The SOM has suffered since its founding from an undersized clinical framework in terms of bed capacity; John Dempsey Hospital (JDH) is the second smallest university hospital in the country. We need a larger platform to advance the clinical success of the faculty and in order to accomplish this we need to be aligned with a larger health system. The proposed two-campus University Hospital (UH), will serve as the flagship, destination hospital of the Hartford Health Care (HHC) system, with approximately 1,100 beds – making it one of the largest teaching hospitals in the country.

2. Q. How realistic is it to think UConn can pursue the construction of a larger hospital on its own?

A. It is not realistic and the General Assembly has already commissioned a study that told us so. The University proposed building a 352-bed hospital to replace and expand JDH in 2007. In response, the General Assembly passed legislation requiring the Connecticut Academy of Science and Engineering (CASE) to conduct a needs-based analysis for the new hospital. In March 2008, CASE released the results of its study and made five major findings quoted below:

- UCHC has a strong economic impact on the state's economy.
- Current relationships between UCHC and its regional clinical care partners are neither sufficiently defined nor adequately enough developed to fully support UCHC's ability to achieve excellence in medical education.
- The existing facilities at JDH are outdated and too small to adequately support UCHC's goal of excellence in academic medicine. Additional investment is required for replacement and renovation for continued use for academic medicine purposes.
- Continuation of the status quo, i.e., no change in existing relationships with existing clinical care partners and no new or renovated UCHC facilities, jeopardizes the goal of achieving excellence in medical education explicitly.
- There is no need for additional licensed hospital beds in the Greater Hartford region at this time and for the foreseeable future.

Based on these findings, especially the last one that makes it prohibitive to build a new hospital that adds new beds to the region, CASE recommended that UConn pursue a more formal relationship with one or more of its current clinical care partners that could

include the development of a new hospital facility on the UCHC campus without the facility being operated by the state. This was the path UConn chose to pursue when it issued a Solicitation of Interest (SOI) in June 2008 asking regional hospitals to submit proposals on forming such an affiliation.

3. Q. Why was Hartford Health Care chosen as the principal partner?

A. There were a number of key reasons. First, HHC, which submitted its response to the SOI in tandem with the Hospital of Central Connecticut (HOCC), was the only health care system that responded with a proposal seeking the type of clinical affiliation we needed and it was the only one willing to invest heavily in the academic and research missions of UCHC. The economic investment will be made both up front (in faculty recruitment, academic support of \$7 million per year for the first five years, \$25 million set aside for investment in technology transfer, \$10 million in funded research and \$25 to \$40 million in working capital for stabilization and growth) and on an ongoing basis in terms of 20% of the operating margin of UH (with a \$3 million/year minimum), up to a 4% operating margin, to support the academic mission of UCHC beginning in year 6 and every year thereafter. This ongoing academic support could amount to \$10-15 million/year, or more, if UH is operated successfully.

Second, there were strong historical linkages between UCHC and Hartford Hospital as a teaching affiliate and clinical partner in some programs. UConn's representatives have spent innumerable hours making sure Hartford Hospital shares our vision of a top tier SOM. Beyond its economic investment, Hartford has responded by committing to a fundamental change in its mission to become a true academic medical center. That is reflected in governance changes and in a medical staff, all of whom will have to receive academic appointments from the SOM. Most importantly, we are jointly committed to the Top Tier vision for the SOM.

4. Q. Why can't the relationship just focus on the hospitals without the respective clinical faculty being brought together in the form of University Physicians?

A. For UH and the SOM to be successful, there must be economic alignment with physicians and economic support for the faculty practice so that resources can be strategically invested among the partners. For example, in order to create a center of excellence, faculty that can support the specialty must be recruited and equipment and space must be made available both in the research and clinical settings. HHC, like most major health systems (both academic and non-academic) envisions a future where physicians are more fully integrated with hospitals to meet the changing demands of the marketplace. Health care reform also promises to move us further in that direction.

It is important that UConn faculty physicians be economically aligned with the HHC system. If Hartford had its own physician group without the UConn faculty being part of it, HHC would be incented to advance that group more than the UConn faculty group. With the joining of the full time employed physicians at Hartford Hospital (HH) and the UMG physicians, we have both strategic alignment and a large multi-specialty practice

that brings together an elite network of physicians. And with the commitment to academic advancement, we also have alignment of all of our missions. That is the fundamental reason for the creation of University Physicians (UP).

5. Q. Tell me more about UP?

A. UP will start as an integration of UMG and employed HH physicians. Initially, UP will consist of approximately 350 physicians making it one of the largest physician organizations in the region. A joint team has met and begun the process of outlining the structure and principles related to the formation of UP. Some key principles of UP will include:

- University Physicians, Inc. is a “dual member” non-profit entity: UConn and HHC.
- HHC will be solely responsible for the financial bottom line of the clinical mission of this new faculty practice plan.
- UP membership will be extended to all UMG faculty and HH faculty upon approval of the Integration Agreement.
- Current SOM faculty members can remain completely employed by the SOM or be employed for clinical purposes by UP and by the SOM for academic purposes. If a faculty member chooses to remain fully employed by the SOM, clinical time will be “leased” to UP by the SOM.
- Faculty members who remain wholly employed by the SOM will maintain their current immunities and indemnities as a state employee for malpractice purposes. Faculty members who are employed directly by UP for their clinical activities will be covered under malpractice insurance offered by UP. (All academic and research activities performed while a faculty member is acting in the scope of their duties as an employee of the SOM would be protected under the state law immunity and indemnities as well.)
- UP is a clinical practice of faculty members who have academic commitments through the SOM.
- UP is composed of clinical faculty whose total clinical practice is within UP.
- All payments of any type for services of UP physicians is collected or assigned to UP for the clinical activities of its members, e.g. professional fees, medical directorships, etc.

- UP will be a comprehensive multi-specialty practice that includes all clinical disciplines, and serves all patients of UH regardless of ability to pay or payor class.
- In general, clinical compensation will be based on clinical productivity, but the actual compensation plan has not yet been developed.
- UP will establish mechanisms for peer accountability with respect to quality, productivity and economic performance.
- UP will establish a culture of transparency where members have full and explicit knowledge of the activities and performance of the organization.
- UP will have systems designed to manage effective relationships with referring physicians.
- UP will be involved in development of new sites of practice, facilities and ancillary services.
- UP physicians will fill some medical directorships roles at UH-FC and UH-HC and its membership will grow in size and proportion to voluntary physicians at UH over time.
- HHC has committed resources to grow UP in terms of medical directors and recruitment.
- UP will not be a state organization, and therefore, faculty salaries paid by UP will not be subject to any “freezes” otherwise imposed on all state employees, including physicians who choose to remain employed by the SOM for their clinical activities and “leased” to UP for their clinical services

Most important, UP will have an Operations Board consisting of Department Chairs and other physician leaders within UP. We need the UP Operations Board to be very active in defining the agenda for the organization. The UP planning group will soon be enlarged and re-activated to develop more detailed transition plans as well as a detailed compensation plan for all UP physicians.

6. Q. The Faculty Provider Services Agreement in which the clinical services of faculty who are going to remain wholly employed by the SOM are leased to UP, and the UP/SOM Physician Employment Agreement contain non-compete/non-solicitation clauses. Will these apply to clinical faculty who are currently not subject to such restrictive covenants?

A. No. We understand this issue has caused concern among faculty members. The ongoing meetings among UConn and HHC representatives have clarified that faculty who do not

currently have non-competes/non-solicitation clauses will not be subject to these provisions going forward assuming they remain continually employed by either the SOM or UP for their clinical activities (i.e., a faculty member does not leave the employ of either the SOM or UP and then later seeks employment with UP at a later date).

For those faculty members who currently have non-compete/non-solicitation clauses, those provisions will remain in place and be unchanged under the new arrangement. With respect to new hires for UP once the Integration Agreement goes into effect, these physicians will be subject to a non-compete that will restrict them from practicing other than for UP during the term of the agreement, and for one year thereafter, within a 10-mile radius of : (i) the UH-Farmington Campus; (ii) the UH-Hartford Campus and (iii) any UP practice location in which the physician practices during the three year period prior to the expiration or termination of their employment, except this provision will not apply if the physician terminates the employment agreement for cause (i.e., UP violates a material provision of the Agreement and fails to cure the violation). The non-solicitation provision would similarly cover the employment period and one year thereafter.

It is important to understand that clauses such as those described above are a standard term in most physician employment agreements and are meant to protect the interests of the larger group which has invested resources in a physician who then departs. Since the UCONN/HHC partnership will be committing significant operating and other capital to practice plan development and recruitment, the rationale for instituting these provisions is sound.

7. Q. The SOM/UP Employment Agreement seems to indicate that the term of the contract is only for one year. This is too short considering the need to recruit new faculty and the fact that many senior faculty already have multi-year contracts. Can you clarify this issue?

A. We hope this clarification is responsive to a concern raised by many faculty members. Existing SOM faculty who opt to remain solely employed by the SOM will continue to have their contracts honored, including those with multi-year arrangements, and in the appropriate circumstances may be offered multi-year renewal terms as well. As proposed in the Integration Agreement and UP Bylaws, the allocation of clinical effort by these faculty members that will be leased to UP (versus the faculty member's academic/research effort) will be reassessed annually, but the SOM contract guaranteeing salary is what really counts., Department Chairs are being asked to identify and recommend to the Dean those faculty members who currently have one year contracts, but who should receive two year contracts. With respect to clinical faculty who opt to become dually employed by the SOM and UP or are first hired after the closing date (and thus must be dually employed), HHC has agreed that UP will offer multi-year contracts to appropriate individuals based, among other things, on the recommendation of the Department Chair.

8. Q. Will the physicians of UP be able to serve patients from all payor groups?

A. Yes. As noted above, we want you to know that UConn and HHC are committed to the success of UP. We want UP to be open to all patients, and be highly competitive. HHC's responsibility for the financial bottom line of UP provides the necessary economic alignment to grow the faculty practice plan.

9. Q. But in reading the documents we see that HHC and UH have certain "reserved powers" relating to clinical matters that create concern for us, because it appears HHC can take over matters and disregard the academic mission. Is that the case?

A. We understand this concern, and it has been the point of many long discussions and negotiations. HHC has the reserved powers articulated in the agreements on select clinical matters because it also has the sole economic risk for UP and UH. Conversely, UConn and the SOM's reserved powers cover key educational and research aspects of the relationship. But the spirit and structure of the integration is one that encourages collaboration and consensus between the SOM and UH on all important matters, so that reserved powers are expected to be used sparingly if at all.

Additionally, we note that as part of the integration, HHC will amend the corporate purposes in its Bylaws to reflect "an enduring commitment to the missions of clinical care, clinical education and clinical research." Also, a key part of UH's corporate purpose as stated in UH's bylaws is "supporting the academic missions of the UConn School of Medicine ("SOM") and the UConn School of Dental Medicine." UConn holds a reserved power that prevents the corporate purpose of UH from being changed without its consent. Also, with respect to academic matters, faculty are encouraged to read the Academic Affiliation Agreement (especially Sections 1-3) that makes clear that UConn, including the SOM, retains sole authority over its academic mission.

10. Q. What will be the role of Department Chairs in the new partnership?

A. Chairs currently play vital roles in driving the academic, research, and clinical success of their departments and we expect the same to be true under the partnership with HHC. As noted, the spirit of the relationship will be one of collaboration between the SOM and UH. We will look to the Department Chairs to be leaders in that collaboration. The Department Chairs/Clinical Chiefs cannot be distant or isolated; but rather they must be highly involved. That involvement needs to include involvement in individual faculty priorities and effort distribution, delegation of duties for faculty/resident supervision or site leadership, programmatic and strategic planning, and other activities.

As noted above, UP will also have an Operations Board consisting predominantly of Department Chairs and other physician leaders, all of whom will be physician faculty members of UP. The organization is intended to be a "bottom up" organization. The Operations Board and the UP President will be at the center of UP's leadership and organization, including growth, compensation and recruitment plans, budgets, and the

like. The UP Operations Board will make recommendations on all these matters. The recommendations go to the UP Board of Directors, which includes two individuals from UCHC (the VP/Dean and one other) and two from HHC (the UH CEO and one other). Assuming the UP Operations Board has made responsible recommendations, the UP Board of Directors would not be expected to supersede those recommendations.

11. Q. So what does all this mean for me as an individual faculty member?

- A. There are multiple dimensions to the answer to this question. First, you can either choose to remain solely employed by the SOM, or you can be employed by the SOM for academic and research purposes and employed by UP for clinical purposes. If you choose to remain employed only by UConn, your clinical time will be “leased” to UP.

More broadly, in terms of what does this mean for me....we firmly believe it means you have a chance to be part of a Top Tier medical school and a much better chance to fulfill your career goals with the partnership than without it. Yes, there is risk here, for the institution, for leadership, for the individual faculty member. But there is much greater risk in the status quo, which simply is not sustainable.

12. Q. The next natural question is compensation and benefits...how do I know how to weigh my choices?

- A. The compensation and benefits plan for UP has not yet been designed. There is a working group assigned to that task. Dr. Jay Lieberman is co-chairing that work group. We will keep you up to date as the compensation and benefits plan recommendations come forward. We know you cannot make a fully informed assessment until you have that information. But we all know that UP will need to offer market competitive compensation and benefits in order to attract and retain quality physician faculty members into the future. Also, as indicated above, UP compensation will not be subject to state salary freezes which have been an understandable source of great concern among UConn faculty.

13. Q. Who will set my expectations as a faculty member and as a member of UP, and who will evaluate my performance?

- A. Your Department Chair or Division Chair, as is the case now. And no one wants to see academics diminished when it comes to those expectations. This is all about academic advancement to Top Tier status, at the institutional level and at the individual level.

14. Q. What about research and how will the integration benefit the research mission?

- A. UConn and HHC have assembled a Research Transition Task Force of faculty and finance experts to begin development of a plan for collaborating on basic and clinical research that would be conducted under sponsorship of the SOM. As a general principle,

there is agreement that the research activity at HHC (estimated at approximately \$10 million in funding) will transfer to the SOM.

We have said in faculty meetings that the small size of our clinical platform and its inability to generate positive revenues has served as an anchor weighing down the research mission. As the CASE study found, that UConn competes as well as it does against universities with hospitals twice as large is a testament to the quality and hard work of researchers in the basic sciences as well as translational/clinical research. The partnership promises to open up whole new horizons in terms of providing a larger, more successful clinical enterprise, as well as additional recruitment monies, research funding and technology transfer investment to push all of these endeavors forward.

15. Q. How will the partnership’s goal of advancing the educational ranking of the SOM be measured beyond the US News and World Report ranking that is referenced?

A. Both UConn and HHC thought it was important to have a definition of Top Tier that was metric based and measurable by a third party. The U.S. News and World Report rankings appear to fit the bill. Certainly there may be other methodologies (e.g, test scores, increases in class size, etc.) and we remain open to considering them all. However, we believe the US News and World Report ranking was an appropriate place to start.

16. Q. How will the medical staff of University Hospital (combined) be organized?

A. The basic framework for the combined medical staff of UH was outlined by the joint working group of HH and UMG physicians convened at the outset of the integration discussions. A UConn-HHC physician resource team is now working on developing the University Hospital Medical Staff Bylaws. This resource team is composed of physicians from UCHC and HH faculty as well as voluntary physicians. The Department Chairs will presumably also be the Clinical Service Chiefs of University Hospital (with some possible exceptions and transitions to be determined).

17. Q. Hartford Hospital has traditionally been a private practice hospital. Will that change?

A. We all need to consider that the continuing support of private practice groups is important for the partnership to work, and the “big tent” model we have constructed is designed to accommodate those physicians who choose to remain in private practice. Nevertheless, the intent is that UP will be very attractive to groups who currently have a private practice model. It’s important to remember that HHC is making a major investment in UP also...with an obvious desire that UP be successful and grow over time.

18. Q. Will the partnership go forward if the state does not approve financing for a replacement hospital on the Farmington campus?

A. No. That is why we continue to work so hard with the General Assembly and other policymakers to ask them to approve the partnership, including the financing for the replacement facility. We can use all of the help we can get from the faculty in that regard.

19. Q. Where do things stand with the Legislature?

A. HHC has been working proactively with UConn to resolve the concerns of General Assembly leaders regarding the partnership legislation. The support of HHC for this initiative to grow the academic health center, along with that of Connecticut Children's Medical Center and HOCC, is a great asset to UConn, as compared to an unsustainable, "go it alone" strategy.

- The partnership legislation is expected to be a "stand alone" bill that will be voted on after the State budget is agreed upon. Alternative financing solutions have been proposed to reduce the State's financial burden related to the partnership.
- Dr. Hogan, Elliot Joseph, Dr. Laurencin, and others from their staffs continue meeting with legislative and government leaders to advocate and engage them in this effort.
- We again thank each faculty member that has been assisting in these efforts and would ask each of you to contact your local legislators to support this important proposal.

20. Q. What about St. Francis . . . where do things stand with them?

A. As you know, St. Francis plays an important role in the regional health care system, is a major academic partner and is expected to be a key member of the Connecticut Health, Education and Research Collaborative. Discussions between UConn and St. Francis continue to consider additional opportunities for collaboration going forward. The discussions with St. Francis will continue on a parallel path with the UConn/HHC partnership as to not interfere with any existing and ongoing work efforts; the premise behind the St. Francis discussions is that the HHC-UConn partnership will remain intact.

21. Q. What's next?

A. Stay tuned for the decisions coming from the State. We have been having faculty meetings. They will continue. We hope to see more of you participating. The focus needs to shift from one of fear and trepidation, to one of excitement and support. We all know this is a significant change and there will be bumps along the way. But if we focus on the growth of UP as a strong, unified faculty practice organization and we are committed to the success of the new UH, we are going to realize our goal of advancing the academic and research missions through a great clinical enterprise.

Keep asking questions of us or through your Department Chair. And please become leaders and supporters of the partnership in whatever way you can.