

# UConn HEALTH

June 29, 2016

TO: Members of the Board of Trustees

FROM: Jeff Geoghegan  
Chief Financial Officer 

RE: Spending Plan for Fiscal Year 2017 for UConn Health

## RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2017 of \$1,042.4 million for UConn Health.

## BACKGROUND:

The Fiscal Year 2017 Spending Plan includes \$1,042.4 million of revenue, including State support of \$218.2 million to cover \$1,042.4 million in expenses.

## Highlights

UCH's proposed spending plan for FY17 projects an operating loss of \$15.9 million. However, decreasing the FY17 capital spend to \$12.0 million will balance the requested Spending Plan budget in FY17.

## Assumptions

- **Revenue:**  
The State appropriation for FY17 for UConn Health is \$123.8 million. UConn Health expects State fringe benefit support of \$81.1 million, along with \$13.5 million for the John Dempsey Hospital fringe benefit differential. Of UConn Health's \$991.4 million in revenue for FY17, sources other than the state appropriation account for an increase of \$30.1 million. Clinical revenue is budgeted at \$464.6 million, a 5.7% increase over FY16. Clinical revenues for JDH are budgeted to increase 6.7% over FY16. The revenue increase is due to volume increase related to a full year of the University Tower, a rate increase of 2%. For the UConn Medical Group (UMG), the overall increase to net patient revenue is 1.3% which is based on volume and 1% rate increase.

In FY17, we expect research revenue to increase by 7.2%. Research revenue is budgeted at \$89.8 million. Income related to the placement of interns and residents is \$63.3 million, a decrease of 2.6% due to a one time fringe benefit true up billed to all consortium hospitals in FY16. Tuition and fee revenue is \$23.1 million, which reflects the rate increases approved by the Board. \$86.0 million, on both the revenue and the expense side, reflects the contract with the Department of Correction for inmate health services.

- **Expenses:**

Salaries and fringes are budgeted at \$592.5 million, an increase of 1.2% primarily related to mid-year hires and an increase to health, dental and pharmacy insurance benefit along with retirement rate increases. Bargaining unit salary increases have not been included since contracts have not been settled for FY17. Utilities are increasing by 12.3% or \$1.6 million and Repairs and Maintenance is increasing by 13.9% due to the full year of the University Tower, new research space and the academic addition. Drugs and medical supplies are increasing by \$3.8 million due to the expected increase in volume.