


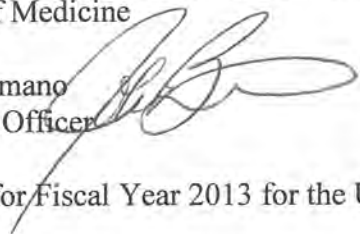


# University of Connecticut Health Center

June 28, 2012

TO: Members of the Board of Trustees

FROM: Frank M. Torti, MD, MPH   
Executive Vice President for Health Affairs  
Dean, School of Medicine

John M. Biancamano   
Chief Financial Officer

RE: Spending Plan for Fiscal Year 2013 for the University of Connecticut Health Center

## RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2013 of \$811.4 million for the University of Connecticut Health Center.

## BACKGROUND:

The Fiscal Year 2013 Spending Plan includes \$811.4 million of revenue, including state funding of \$160.7 million (excluding fringe benefits differential), to cover \$811.4 million in expenses yielding a net gain of \$74,248.

This request was reviewed and endorsed by the UCHC Finance Subcommittee on June 4, 2012 and Board of Directors on June 11, 2012.



University of Connecticut  
Health Center

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# **Proposed Operating Budget**

**Fiscal Year 2013**

**and**

**Review of Fiscal Year 2012**

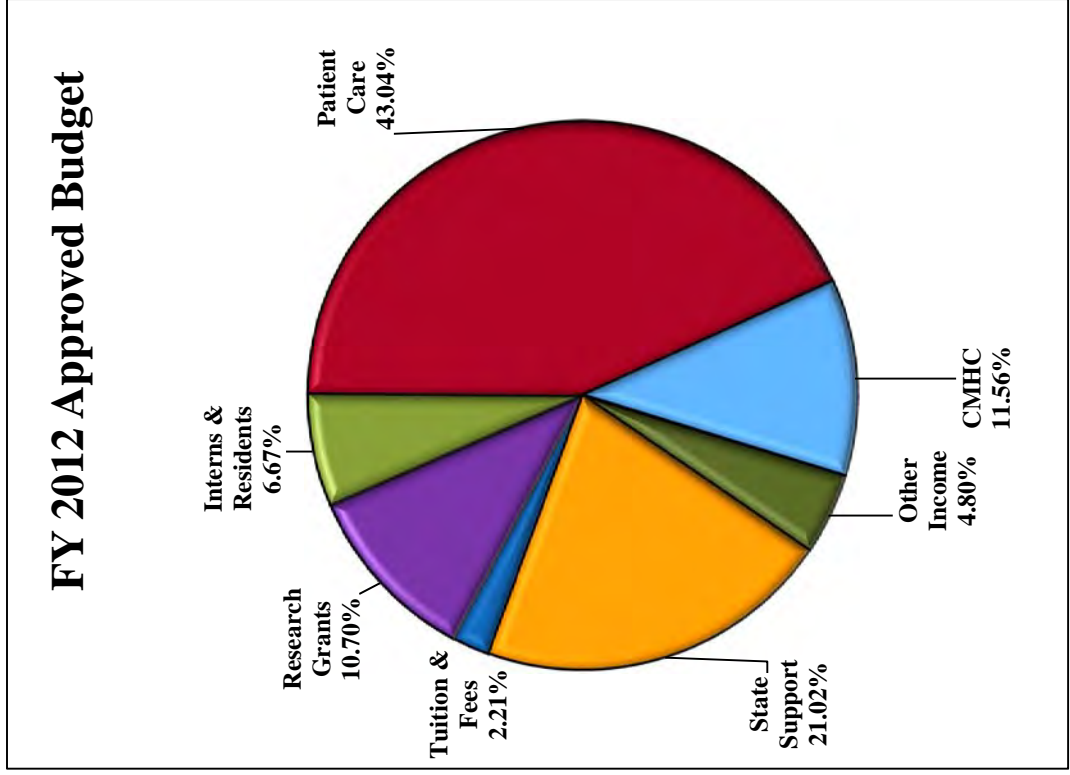
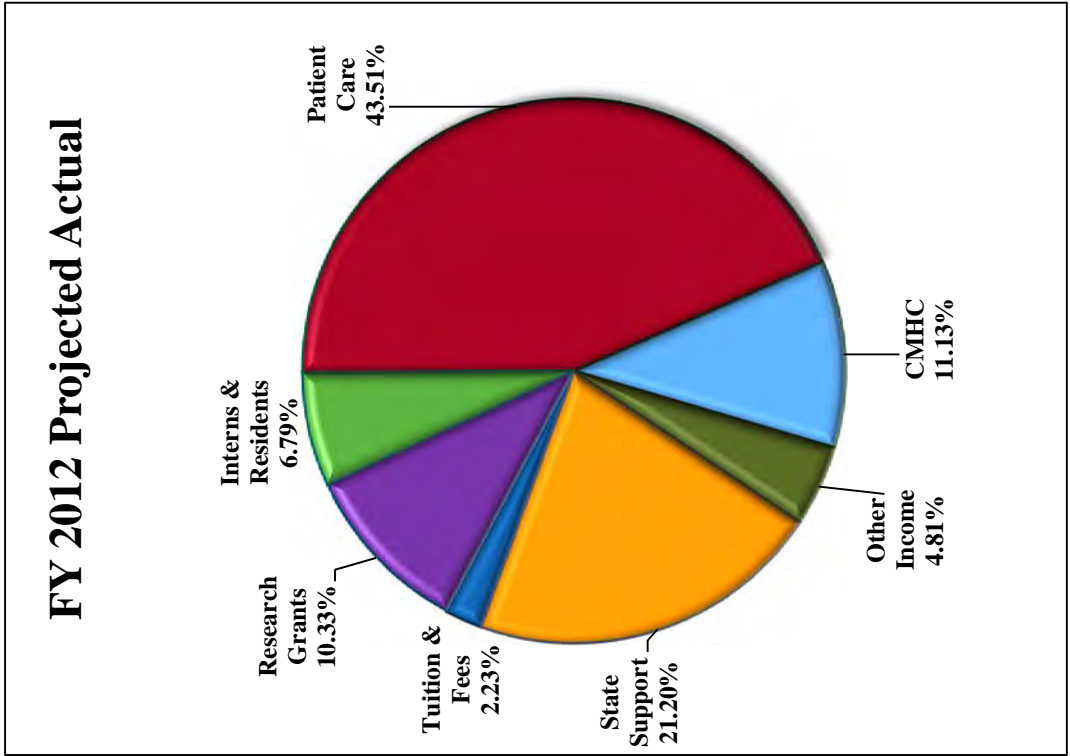


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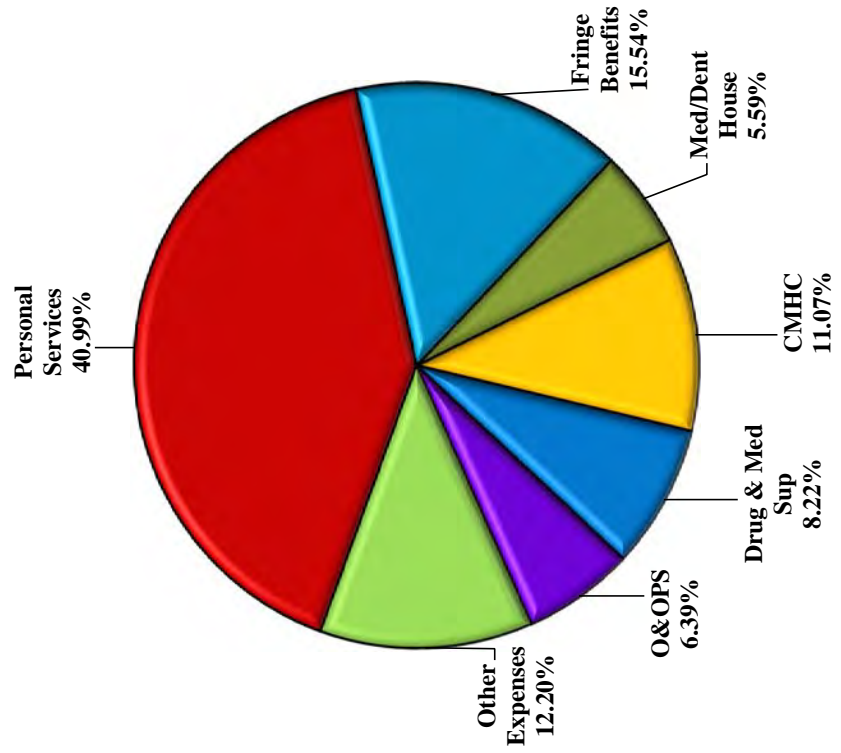
**Fiscal Year 2012  
Projected Actual  
Results of Operations**

## Revenues by Source

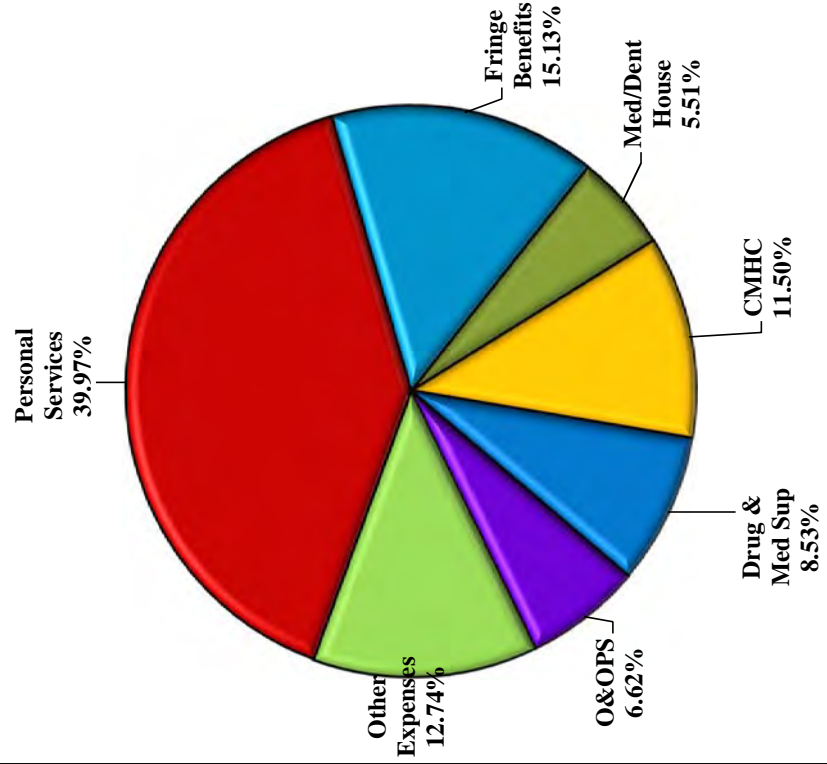


## Expenses by Source

### FY 2012 Projected Actual



### FY 2012 Approved Budget



## Current Fiscal Year Highlights Fiscal Year 2012 Budget vs. Fiscal Year 2012 Projection

### Revenue Changes:

- Research grants and contracts decrease (offset by expense decrease)
- Correctional Managed Health Care decrease (offset by expense decrease)
- Endowment and gifts income increase
- Other income decrease related to lower than budgeted revenue from ambulance service and physician contracts
- Decrease in State appropriation

### Expense Changes:

- Personal services and fringe benefit increase related to faculty recruitments
- Correctional Managed Health Care expense decrease (offset by revenue decrease)
- Pharmacy increase due to anticoag drug patients (revenue included in projected actual)
- Medical supplies in John Dempsey Hospital related to lower than budgeted high cost operating room procedures
- Medical supplies and other expense decrease related to lower research volume
- Outside and other purchased services decrease mainly related to decrease in research volume and various other expenses in John Dempsey hospital
- Repairs and maintenance decrease due to lower than anticipated expenditures



## Consolidated Statement of Revenues and Expenses Fiscal Year 2012 Budget vs. Fiscal Year 2012 Projection

	Fiscal Year 2012 Approved Budget	Fiscal Year 2012 Projected Actual	Variance	Percent Variance
<b>Revenues:</b>				
Tuition and Fees	\$ 17,661,275	\$ 17,611,478	\$ (49,797)	-0.3%
Research Grants and Contracts	85,703,367	81,679,751	(4,023,616)	-4.7%
Auxiliary Enterprises	16,664,542	15,634,668	(1,029,874)	-6.2%
Interns and Residents	53,457,988	53,716,167	258,179	0.5%
Net Patient Care	344,722,387	344,025,544	(696,843)	-0.2%
Correctional Managed Health Care	92,628,933	88,025,950	(4,602,983)	-5.0%
Endowment and Gift Income	4,905,923	6,390,284	1,484,361	30.3%
Investment Income	246,103	155,754	(90,349)	-36.7%
Other Income	16,666,745	15,831,791	(834,954)	-5.0%
<b>Total Revenues</b>	<b>\$ 632,657,263</b>	<b>\$ 623,071,387</b>	<b>\$ (9,585,876)</b>	<b>-1.5%</b>
<b>Expenses:</b>				
Personal Services	\$ 321,792,813	\$ 326,024,377	\$ 4,231,564	1.3%
Fringe Benefits	121,796,234	123,630,245	1,834,011	1.5%
JDH Fringe Benefit Allotment	(13,500,000)	(13,500,000)	-	0.0%
Medical Contractual Support	16,764,461	16,548,688	(215,773)	-1.3%
Medical/Dental House Staff	44,405,591	44,476,559	70,968	0.2%
Correctional Managed Health Care	92,628,933	88,025,950	(4,602,983)	-5.0%
Outside Agency Per Diems	1,837,380	2,135,476	298,096	16.2%
Drugs	18,048,474	19,759,450	1,710,976	9.5%
Medical Supplies	50,650,721	45,635,466	(5,015,255)	-9.9%
Utilities	15,111,778	14,264,170	(847,608)	-5.6%
Outside & Other Purchased Services	53,265,882	50,809,443	(2,456,439)	-4.6%
Insurance	5,443,508	5,570,702	127,194	2.3%
Repairs & Maintenance	8,964,294	6,976,260	(1,988,034)	-22.2%
Other Expenses	24,848,967	21,930,325	(2,918,642)	-11.7%
Depreciation	29,619,542	29,649,545	30,003	0.1%
<b>Total Expenses</b>	<b>\$ 791,678,578</b>	<b>\$ 781,936,656</b>	<b>\$ (9,741,922)</b>	<b>-1.2%</b>
<b>Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations</b>				
	<b>\$ (159,021,315)</b>	<b>\$ (158,865,269)</b>	<b>\$ 156,046</b>	<b>0.1%</b>
State Appropriation-Block Grant	109,669,578	108,459,578	(1,210,000)	-1.1%
State Supported Fringe Benefits	45,195,208	45,637,617	442,409	1.0%
<b>Excess/(Deficiency)</b>	<b>\$ (4,156,529)</b>	<b>\$ (4,768,074)</b>	<b>\$ (611,545)</b>	<b>14.7%</b>
Total State Support	168,364,786	167,597,195	(767,591)	-0.5%
Percent of Total Revenues	21.02%	21.20%	0.18%	0.8%



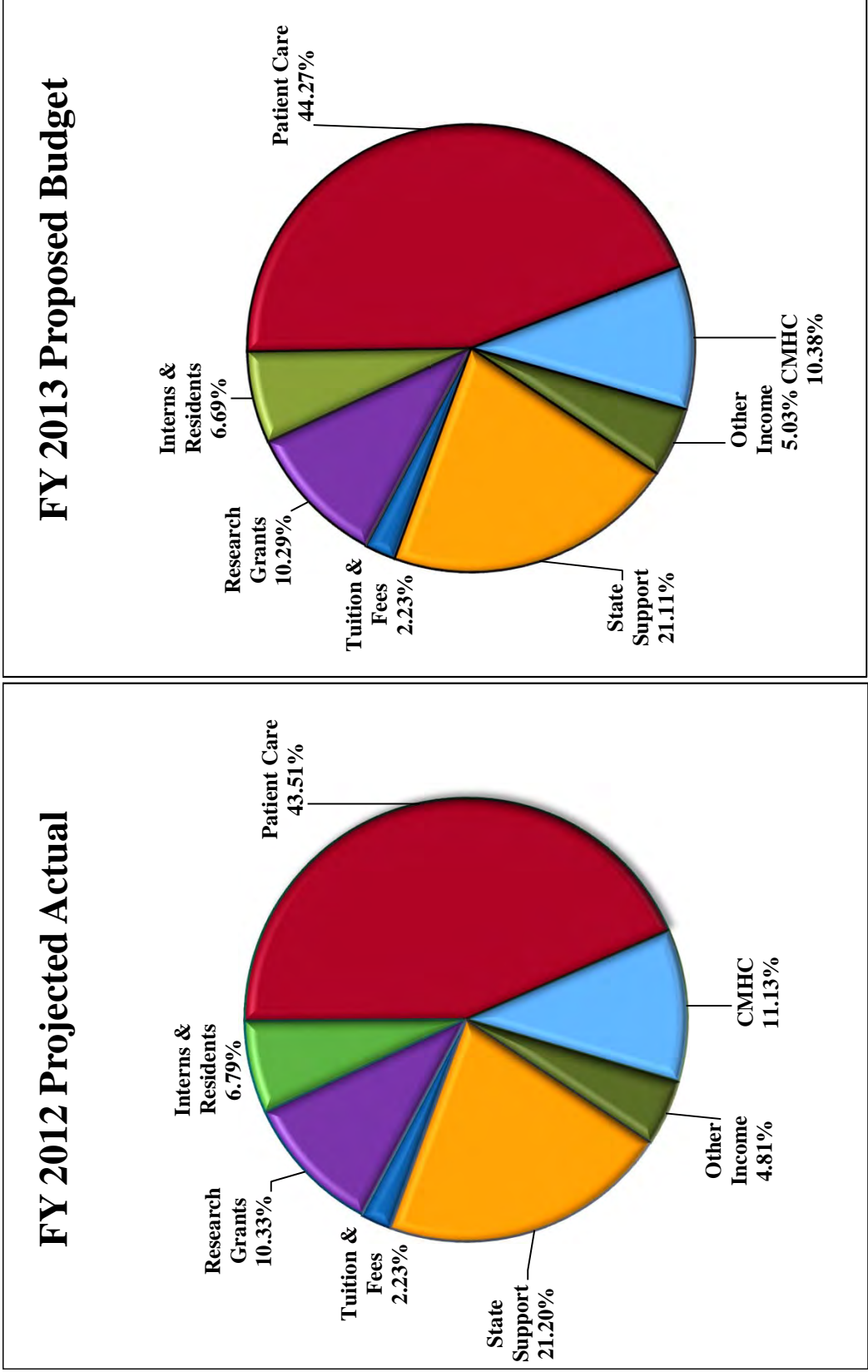
University of Connecticut  
Health Center

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**Fiscal Year 2013**  
**Proposed Operating Budget**

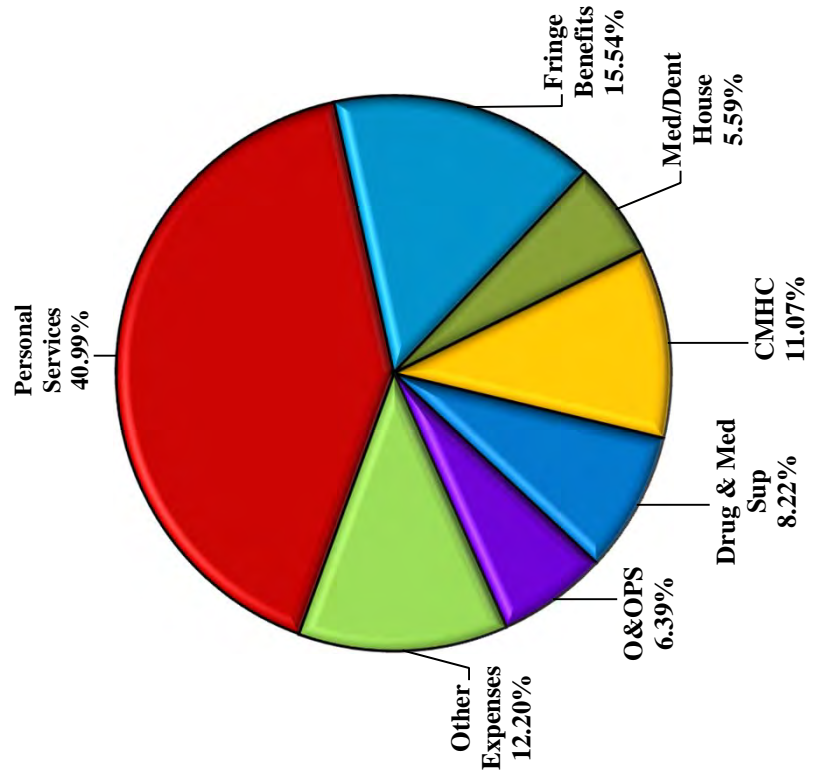


## Revenues by Source

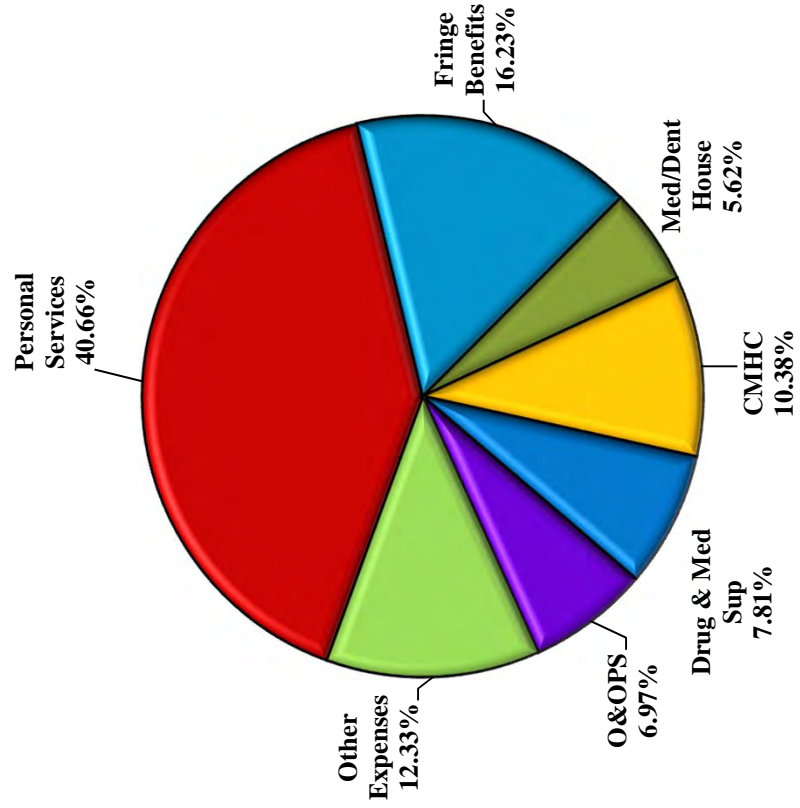


## Expenses by Source

**FY 2012 Projected Actual**



**FY 2013 Proposed Budget**



## FY 2013 Budget Assumptions

### Overall Budget Assumptions

- Assumes no bargaining unit increases for union employees based on SEBAC agreement
- Assumes no increases for non-union employees
- Assumes a 3% increase for UHP Post Docs and a 3% lump sum adjustment for UHP Research title employees based on SEBAC agreement
- Longevity payments for all employees in October and April in FY13 (FY12 only non-bargaining unit employees received one payment)
- SEBAC agreement states that there will be no layoffs for permanent bargaining unit employees from July 1, 2011 through June 30, 2015
- Increase fringe benefits (5% represents retirement rate estimated increase and 3% represents additional salary cost)
- Increase in state appropriation

### Education, Research, Correctional Managed Health Care & Institutional Support Assumptions

- Tuition and Fees for the School of Medicine (SOM) and School of Dental Medicine (SODM) assumes a 4% rate increase
- Grants and contracts revenues increase by 3.9% (includes \$5.0 million for Cage Processing capital project)
- Increase in auxiliary revenue and other income related to increase contracts in the SOM and SODM
- Interns and Residents revenue increased by 2.7% due to higher fees and expenses
- Consolidation of Dental Implant Center and the University Dentist Practice
- Salaries and fringes increase related to new faculty hires (mid year FY12 and Full year FY13) (Mohs, Neurosurgery, Gastroenterologist, General Surgery, Cardiology, Psychiatry)
- Repairs and maintenance increase due to ISS custodial services, clinical engineering maintenance agreement, operating room expenses related to DaVinci and skills simulator and cardiology outreach location
- Correctional Managed Health Care is the approved State budget amount
- Increase in Startup cost \$500,000 funded by the State appropriation
- Outside purchased services increase due to Bioscience Connecticut related to valet parking during construction phase
- Outside purchased services increase for information technology related expenses (disaster recovery, meaningful use, telecommunication and networks for new offsite locations, Syquest)
- Increase in depreciation due to completion of Banner project (financial and human resource system)



## Consolidated Statement of Revenues and Expenses Fiscal Year 2012 Projected Actual & Fiscal Year 2013 Proposed Budget

	Fiscal Year 2012 Projected Actual	Fiscal Year 2013 Proposed Budget	Variance	Percent Variance
<b>Revenues:</b>				
Tuition and Fees	\$ 17,611,478	\$ 18,465,586	\$ 854,108	4.8%
Research Grants and Contracts	81,679,751	84,859,606	3,179,855	3.9%
Auxiliary Enterprises	15,634,668	16,740,826	1,106,158	7.1%
Interns and Residents	53,716,167	55,168,880	1,452,713	2.7%
Net Patient Care	344,025,544	365,213,168	21,187,624	6.2%
Correctional Managed Health Care	88,025,950	85,629,399	(2,396,551)	-2.7%
Endowment and Gift Income	6,390,284	6,232,846	(157,438)	-2.5%
Investment Income	155,754	147,775	(7,979)	-5.1%
Other Income	15,831,791	18,377,684	2,545,893	16.1%
<b>Total Revenues</b>	<b>\$ 623,071,387</b>	<b>\$ 650,835,770</b>	<b>\$ 27,764,383</b>	<b>4.5%</b>
<b>Expenses:</b>				
Personal Services	\$ 326,024,377	\$ 335,461,535	\$ 9,437,158	2.9%
Fringe Benefits	123,630,245	133,925,301	10,295,056	8.3%
JDH Fringe Benefit Allotment	(13,500,000)	(13,500,000)	-	0.0%
Medical Contractual Support	16,548,688	17,794,755	1,246,067	7.5%
Medical/Dental House Staff	44,476,559	46,364,000	1,887,441	4.2%
Correctional Managed Health Care	88,025,950	85,629,399	(2,396,551)	-2.7%
Outside Agency Per Diems	2,135,476	1,556,768	(578,708)	-27.1%
Drugs	19,759,450	18,467,775	(1,291,675)	-6.5%
Medical Supplies	45,635,466	45,926,662	291,196	0.6%
Utilities	14,264,170	14,590,153	325,983	2.3%
Outside & Other Purchased Services	50,809,443	57,459,924	6,650,481	13.1%
Insurance	5,570,702	6,010,057	439,355	7.9%
Repairs & Maintenance	6,976,260	8,712,910	1,736,650	24.9%
Other Expenses	21,930,325	21,138,933	(791,392)	-3.6%
Depreciation	29,649,545	31,900,000	2,250,455	7.6%
<b>Total Expenses</b>	<b>\$ 781,936,656</b>	<b>\$ 811,438,172</b>	<b>\$ 29,501,516</b>	<b>3.8%</b>
<b>Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations</b>	<b>\$ (158,865,269)</b>	<b>\$ (160,602,402)</b>	<b>(1,737,133)</b>	<b>-1.1%</b>
State Appropriation-Block Grant	108,459,578	112,666,667	4,207,089	3.9%
State Supported Fringe Benefits	45,637,617	48,009,983	2,372,366	5.2%
<b>Excess/(Deficiency)</b>	<b>\$ (4,768,074)</b>	<b>\$ 74,248</b>	<b>\$ 4,842,322</b>	<b>-101.6%</b>
Total State Support	167,597,195	174,176,650	6,579,455	3.9%
Percent of Total Revenues	21.20%	21.11%	-0.08%	-0.4%

## FY 2013 Budget Assumptions - Clinical

### Clinical - John Dempsey Hospital/Dental Clinics Assumptions

- Net Patient Revenue assumes a 4.2% increase (2% volume increase)
- Other income increase related to Connecticut Children's Medical Center (CCMC) NICU contract
- Personal services and fringe benefits reflects increase in services reimbursed by CCMC
- Fringe Benefit Differential (per approved State budget)
- Medical contractual support increase due to Anesthesia agreement and Cardiology outreach
- Medical/dental house staff expense reflects the expected wage increase and some additional residents assigned to JDH (primarily Consortium)
- Assumes a reduction to outside agency due to budgeting at necessary staffing needs based on patient census
- Increase in medical supplies (core lab, radiology, nuclear medicine)
- Increase in outside purchased services (core lab, food and nutrition, consulting)
- Decrease in drugs due to anticoag drug patients (elimination of expense and revenue)
- Increase in depreciation due to completion of Banner and Nextgen (Electronic Medical Records) projects

### Clinical - UConn Medical Group Assumptions

- Net patient revenue assumes a 11.0% increase related to volume generated by new faculty hires. No rate increase projected. No change in payor mix.
- Other revenue increase related to external contracts (Anesthesiology)
- Salaries and fringes increase related to new faculty hires (mid year FY12 and Full year FY13) (Mohs, Neurosurgery, Gastroenterologist, General Surgery, Cardiology)
- Medical contractual support decrease related to change in NICU physician arrangement with CCMC
- Outside and other purchased services increase in rent in cardiology due to various new outside contracts, software maintenance for echo system, consulting, Avon/Southington site
- Increase in depreciation due to completion of Banner and Nextgen (Electronic Medical Records) projects



**John Dempsey Hospital/Dental Clinics**  
**Statement of Revenues and Expenses**  
**Fiscal Year 2012 Projected Actual & Fiscal Year 2013 Proposed Budget**

	Fiscal Year 2011/2012 Projected Actual	Fiscal Year 2012/2013 Proposed Budget	Variance	Percent Variance
<b><u>Revenues:</u></b>				
Net Patient Care	\$ 270,731,250	\$ 282,112,490	\$ 11,381,240	4.2%
Other Income	17,309,394	21,046,854	3,737,460	21.6%
<b>Total Revenues</b>	<b>\$ 288,040,644</b>	<b>\$ 303,159,344</b>	<b>\$ 15,118,700</b>	<b>5.2%</b>
<b><u>Expenses:</u></b>				
Personal Services	\$ 104,416,114	\$ 105,710,491	\$ 1,294,377	1.2%
Fringe Benefits	44,639,108	47,517,773	2,878,665	6.4%
JDH Fringe Benefit Allotment	(13,500,000)	(13,500,000)	-	0.0%
Medical Contractual Support	5,272,896	5,801,500	528,604	10.0%
Internal Contractual Support	16,836,058	17,852,643	1,016,585	6.0%
Medical/Dental House Staff	17,295,385	18,383,808	1,088,423	6.3%
Outside Agency Per Diems	1,467,478	649,636	(817,842)	-55.7%
Drugs	18,169,969	16,887,803	(1,282,166)	-7.1%
Medical Supplies	35,145,482	36,620,497	1,475,015	4.2%
Utilities	2,733,693	2,830,949	97,256	3.6%
Outside & Other Purchased Services	29,834,430	34,346,136	4,511,706	15.1%
Insurance	3,751,904	4,033,890	281,986	7.5%
Repairs & Maintenance	6,464,103	6,649,764	185,661	2.9%
Other Expenses	2,786,424	3,493,231	706,807	25.4%
Depreciation	9,897,722	10,239,792	342,070	3.5%
<b>Total Expenses</b>	<b>\$ 285,210,766</b>	<b>\$ 297,517,913</b>	<b>\$ 12,307,147</b>	<b>4.3%</b>
<b>Excess/(Deficiency)</b>	<b>\$ 2,829,878</b>	<b>\$ 5,641,431</b>	<b>\$ 2,811,553</b>	<b>-99.4%</b>

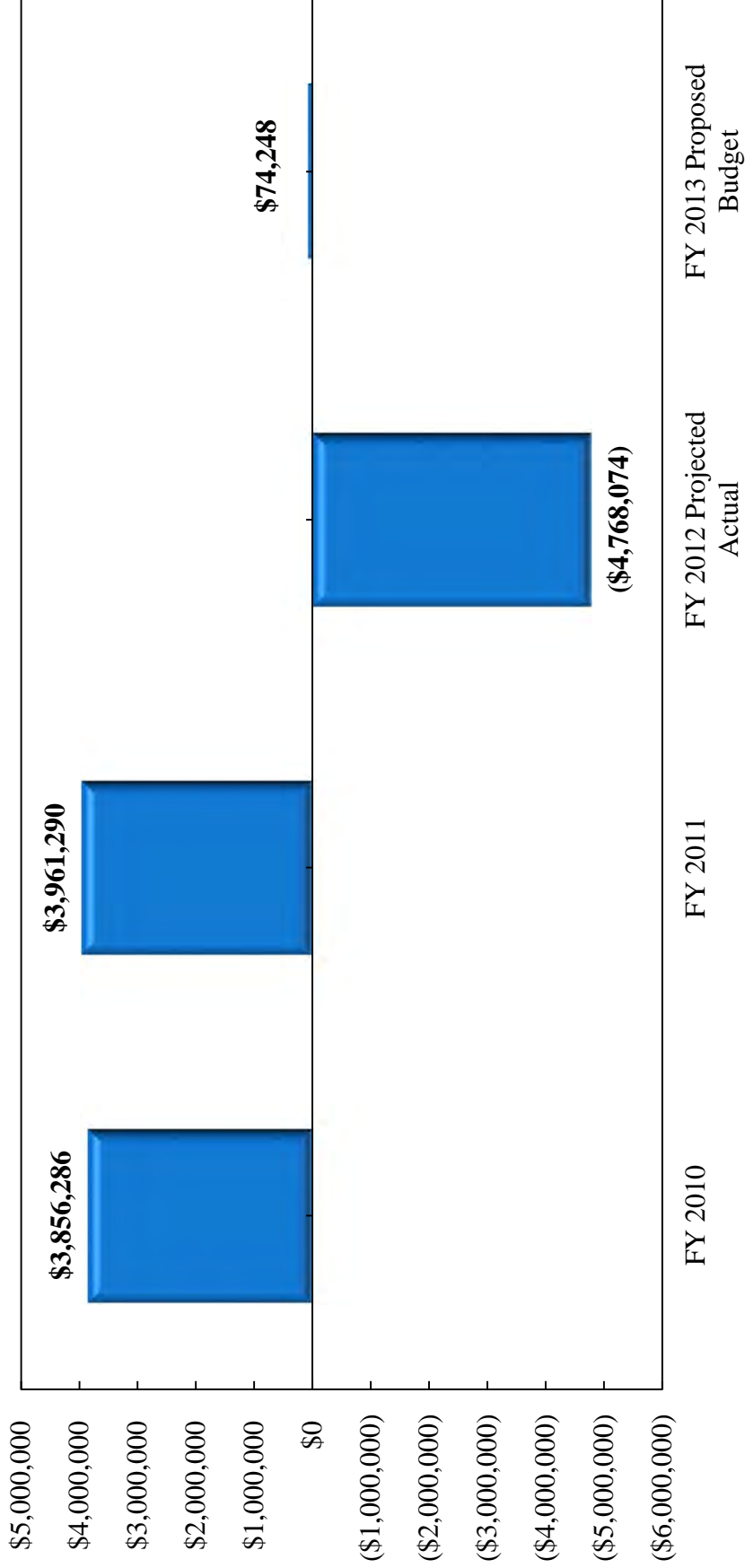




**UConn Medical Group**  
**Statement of Revenue and Expenses**  
**Fiscal Year 2012 Projected Actual & Fiscal Year 2013 Proposed Budget**

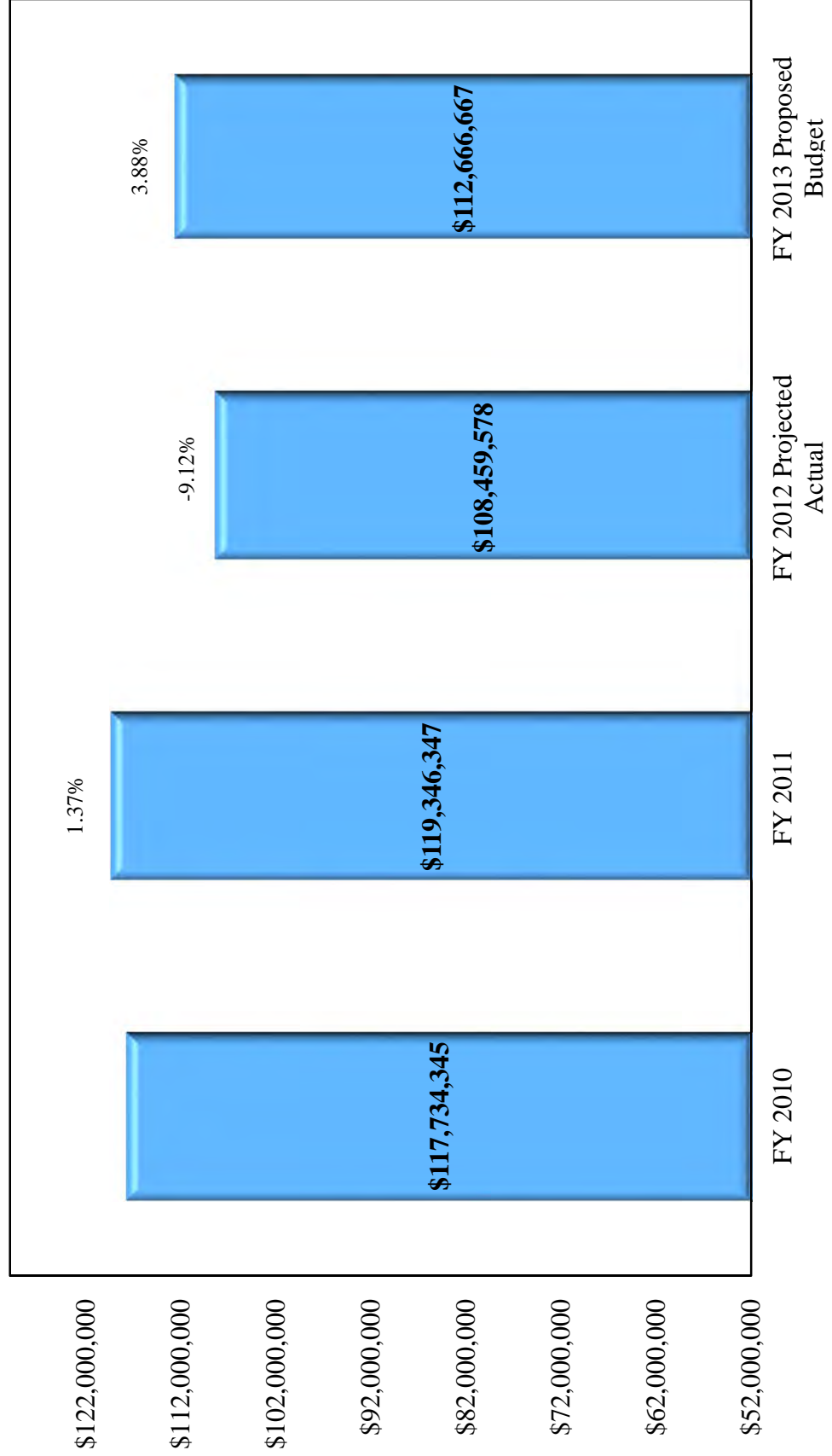
	Fiscal Year 2011/2012 Projected Actual	Fiscal Year 2012/2013 Proposed Budget	Variance	Percent Variance
<b><u>REVENUES:</u></b>				
Net Patient Revenue	\$ 73,118,794	\$ 81,174,488	\$ 8,055,694	11.0%
Other Income	10,541,075	11,060,763	519,688	4.9%
<b>Total Revenues</b>	<b>83,659,869</b>	<b>92,235,251</b>	<b>8,575,382</b>	<b>10.3%</b>
<b><u>EXPENSES:</u></b>				
Personal Services	55,808,467	59,548,569	3,740,102	6.7%
Fringe Benefits	19,100,532	20,782,229	1,681,697	8.8%
Medical Contractual Support	7,258,377	6,787,455	(470,922)	-6.5%
Internal Contractual Support	439,032	791,949	352,917	80.4%
Outside Agency Per Diems	554,565	768,546	213,981	38.6%
Drugs	1,425,040	1,408,637	(16,403)	-1.2%
Medical Supplies	1,195,289	1,095,798	(99,491)	-8.3%
Utilities	205,211	219,394	14,183	6.9%
Outside & Other Purchased Services	9,818,878	10,943,939	1,125,061	11.5%
Insurance	484,981	502,112	17,131	3.5%
Repairs & Maintenance	498,629	627,437	128,808	25.8%
Other Expenses	727,889	700,480	(27,409)	-3.8%
Depreciation	1,056,036	1,254,082	198,046	18.8%
<b>Total Expenses</b>	<b>\$ 98,572,926</b>	<b>\$ 105,430,627</b>	<b>\$ 6,857,701</b>	<b>7.0%</b>
<b>Excess/(Deficiency)</b>	<b>\$ (14,913,057)</b>	<b>\$ (13,195,376)</b>	<b>\$ 1,717,681</b>	<b>11.5%</b>

**Profit (Deficiency) by Fiscal Year**





### State Appropriation w/o Fringe Benefits by Fiscal Year

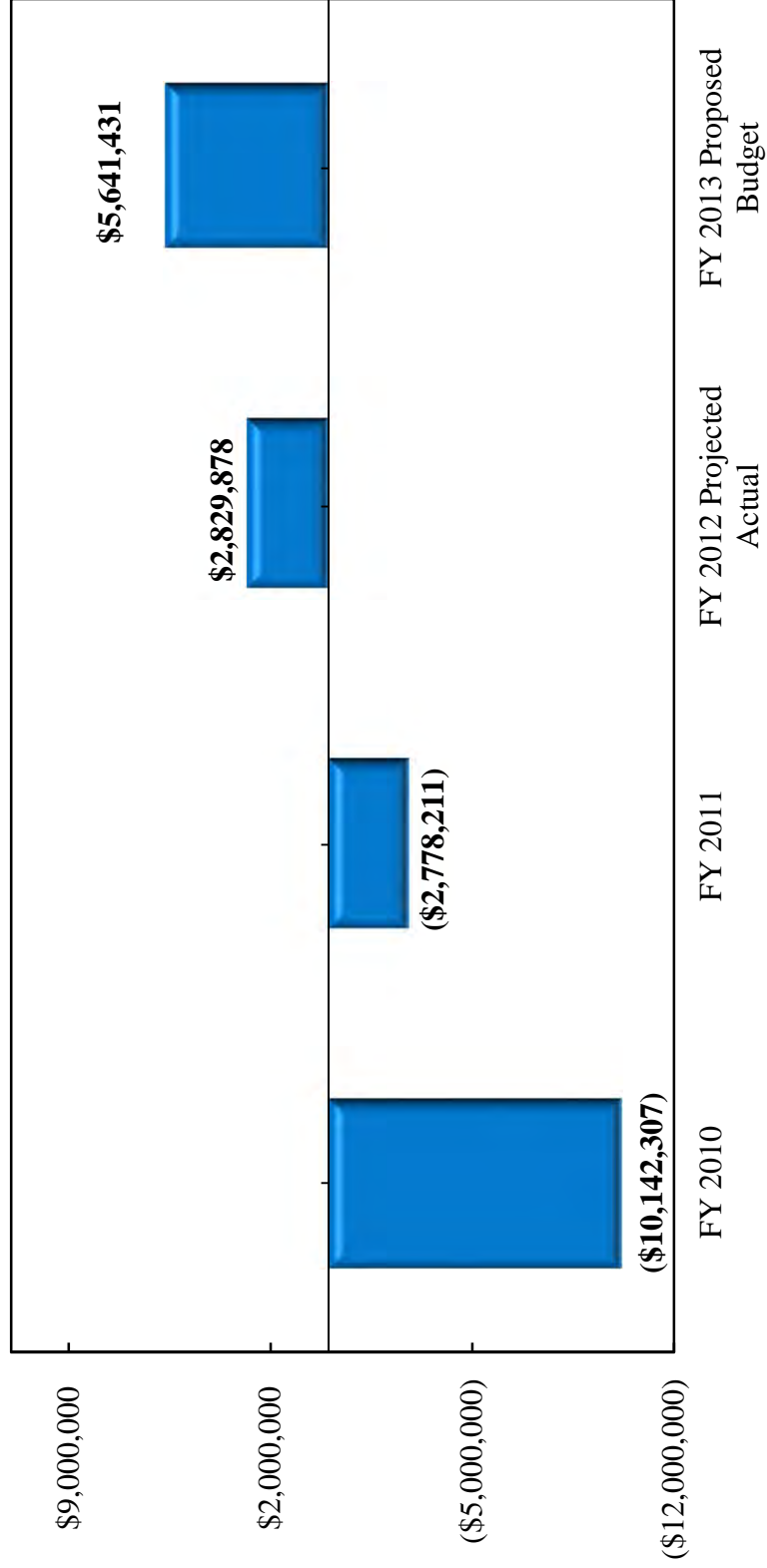




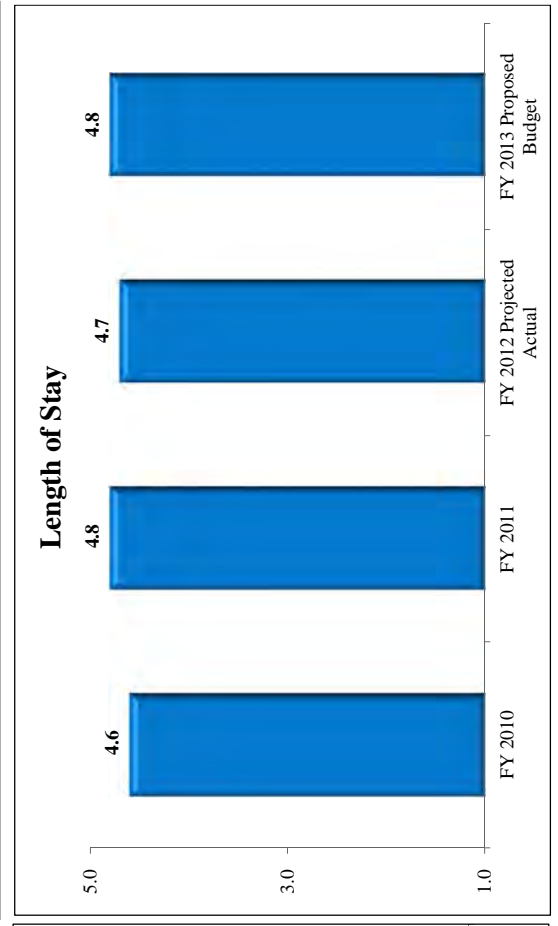
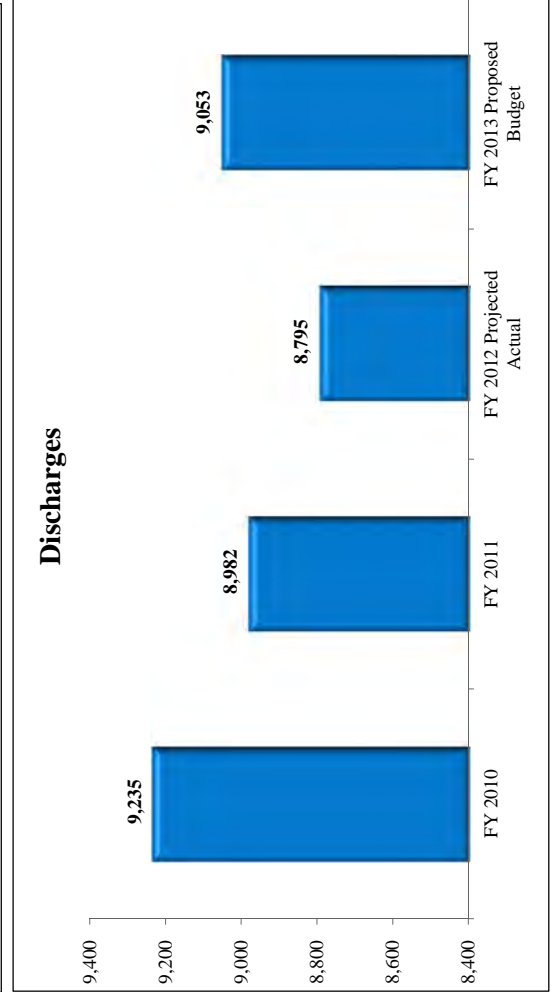
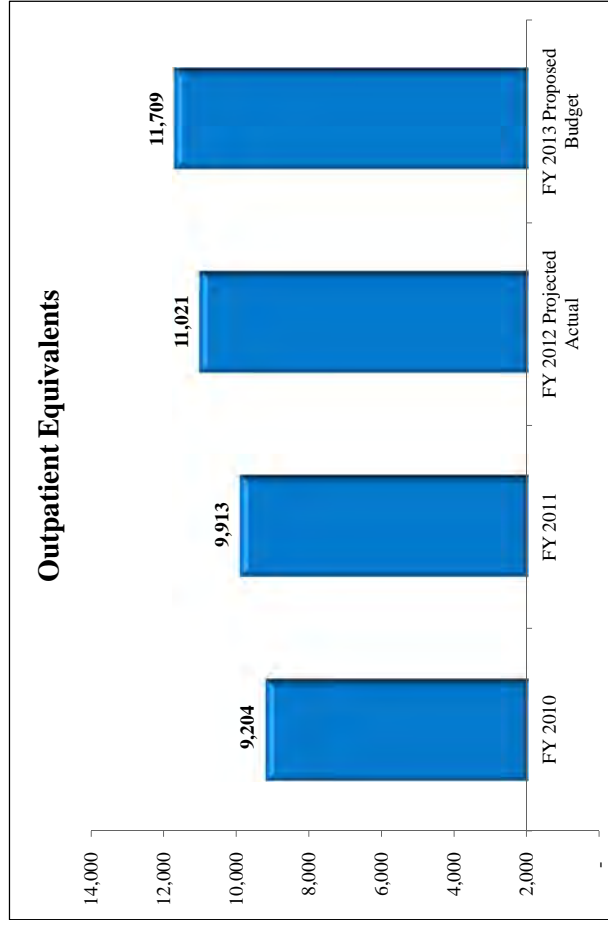
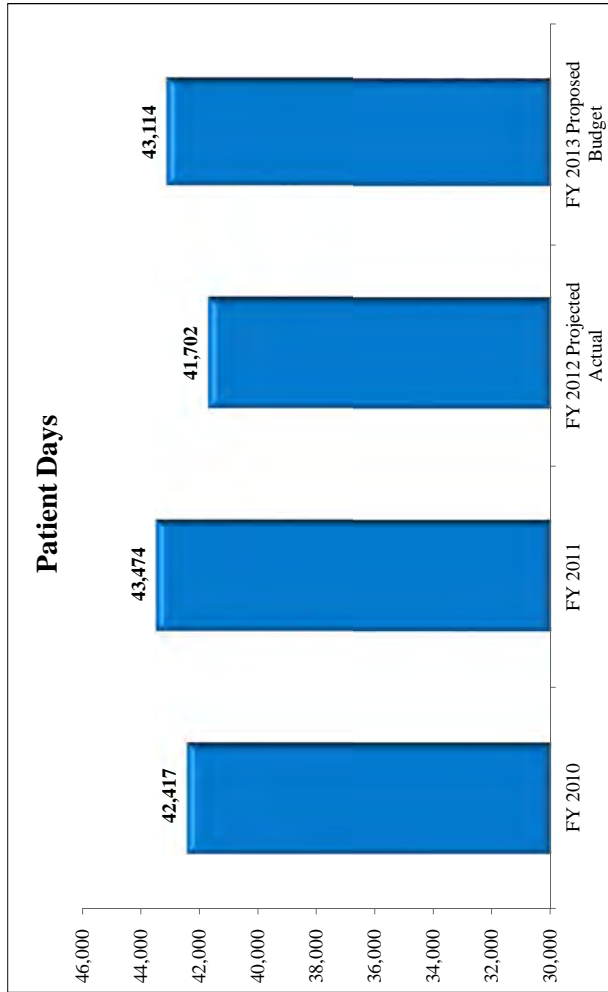
# University of Connecticut Health Center

## John Dempsey Hospital/Dental Clinics Profit (Deficiency) by Fiscal Year

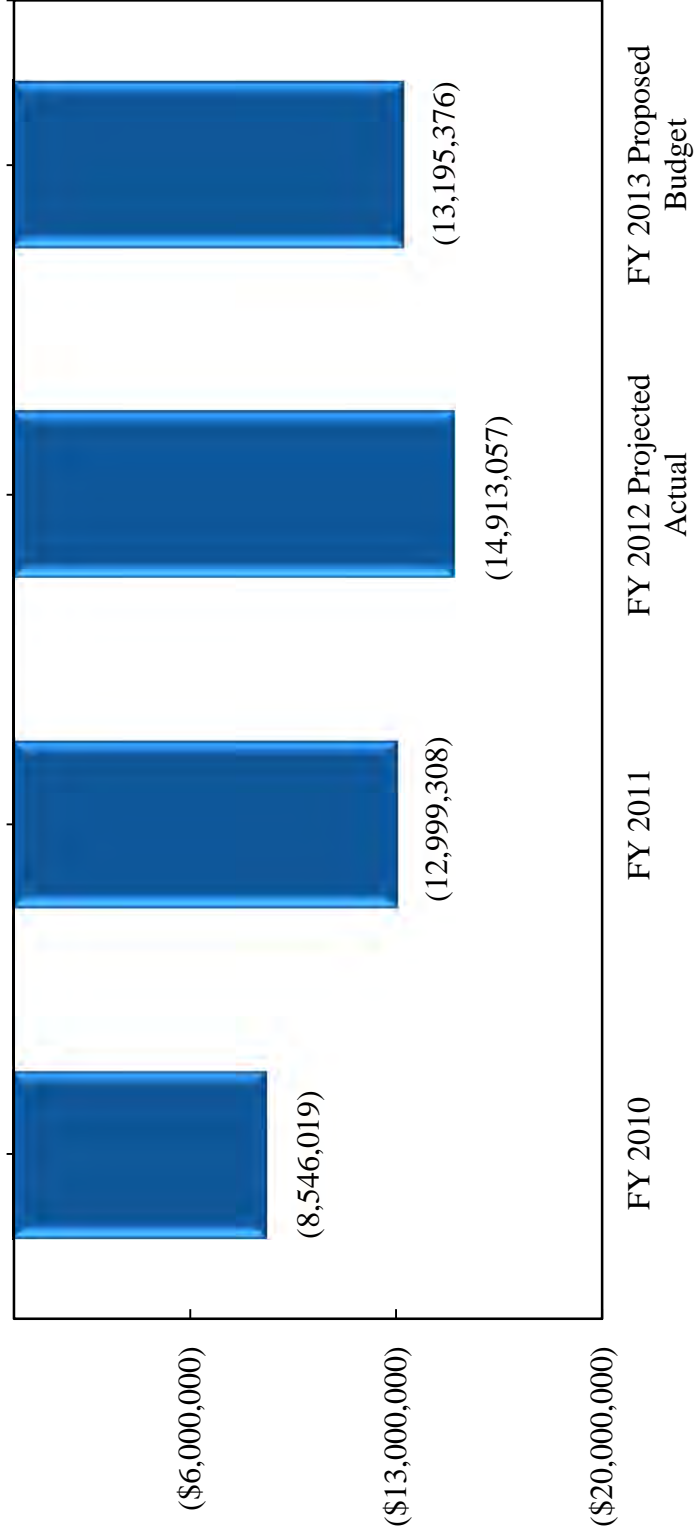
(\$13.5M Fringe Benefit Differential included each year)



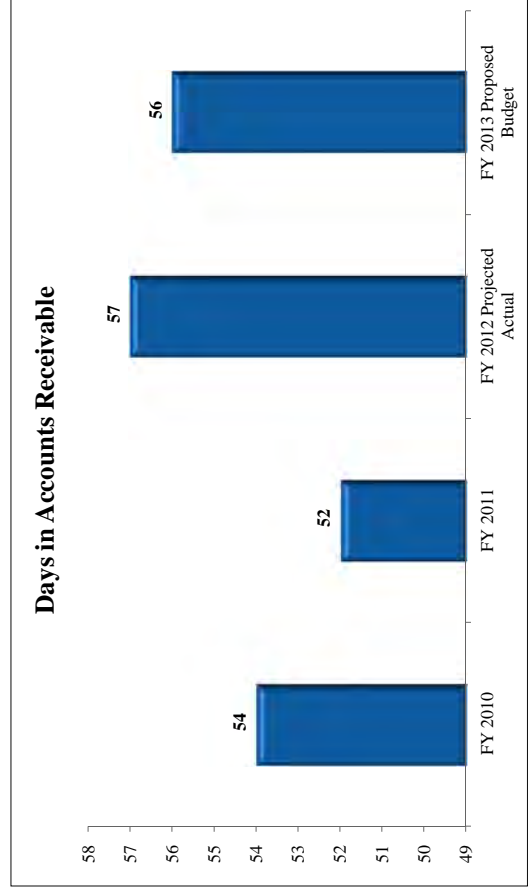
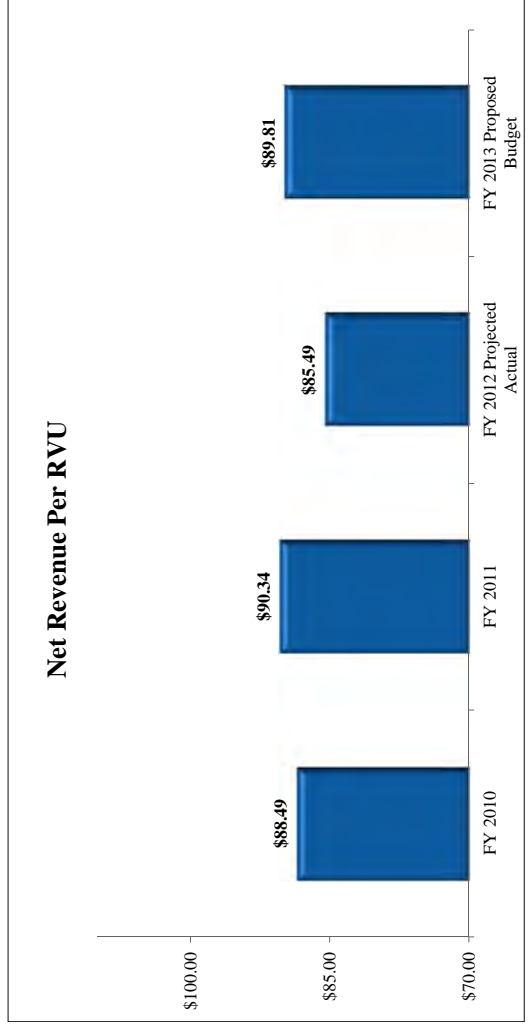
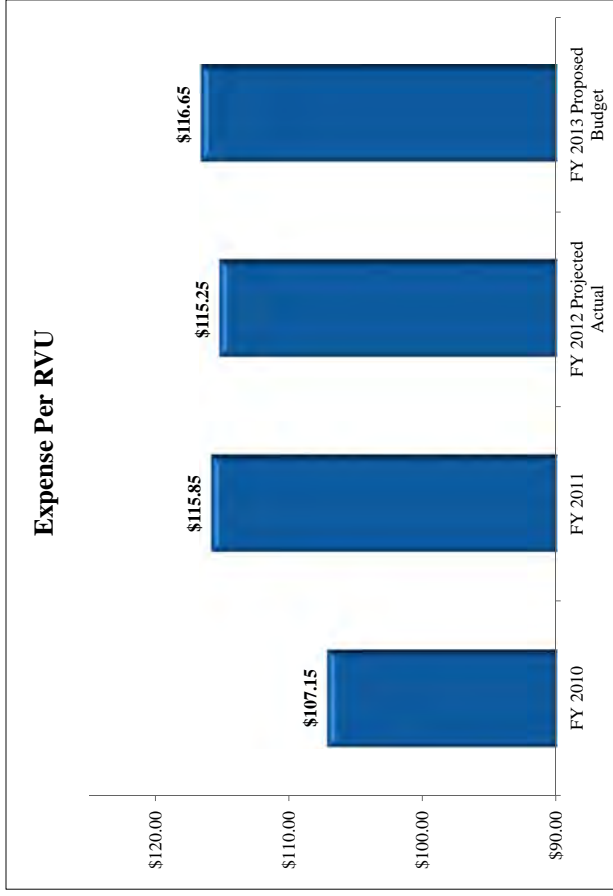
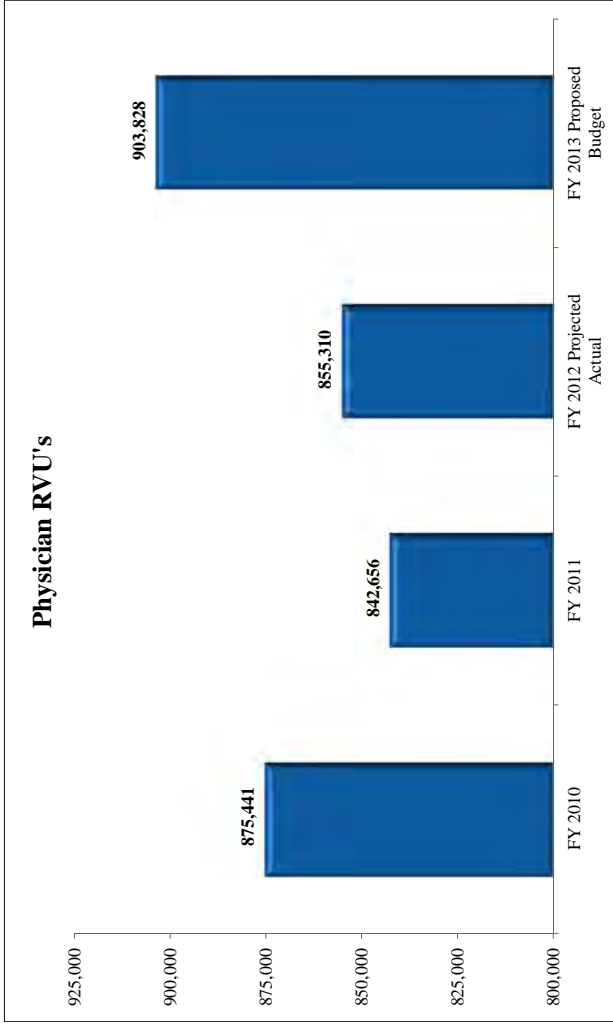
**John Dempsey Hospital/Dental Clinics  
Statistical Graphs (Excludes NICU)**



**UConn Medical Group  
Deficiency by Fiscal Year**

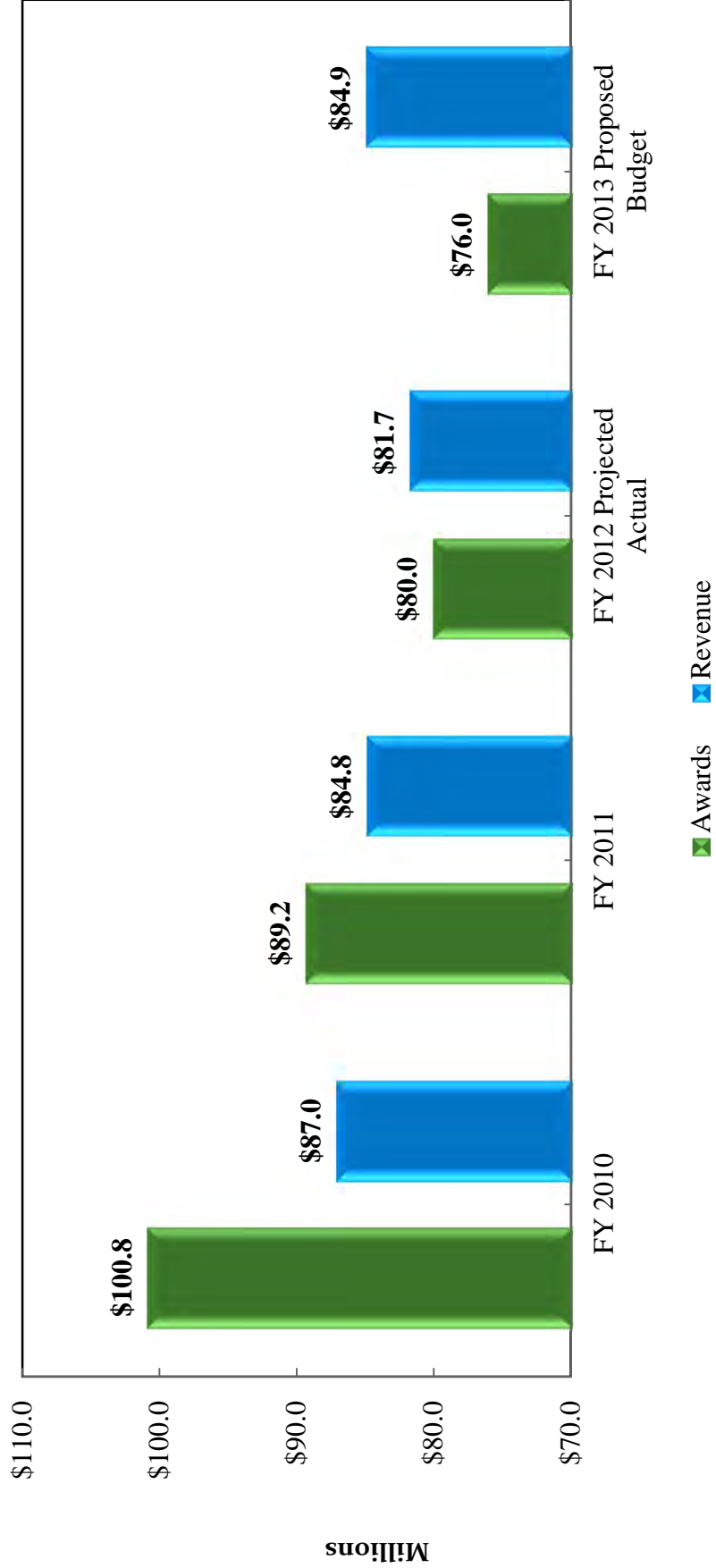


UConn Medical Group  
Statistical Graphs



## Research Awards and Revenue Recognition by Fiscal Year (in millions)

Graph includes the full grant amount (even if multi-year) in the year of the award





# University of Connecticut Health Center

June 28, 2012

TO: Members of the Board of Trustees

FROM: Frank M. Torti, MD, MPH  
Executive Vice President for Health Affairs  
Dean, School of Medicine

John M. Biancamano  
Chief Financial Officer

RE: State Appropriation Current Services Request for the Biennium Fiscal Years 2014 and 2015 for the University of Connecticut Health Center

## RECOMMENDATION:

That the Board of Trustees approve a Current Services State Appropriation Request for the Biennium Fiscal Years 2014 and 2015 as follows: \$130.4 million for Fiscal Year 2014 and \$141.8 million for Fiscal Year 2015 for the University of Connecticut Health Center.

## BACKGROUND:

The FY 2014 Current Services State Appropriation request is \$130.4 million. The UCHC is requesting increased funds for personal services increases of \$4.5 million. In addition, \$13.2 million is being requested for faculty recruitment related to Bioscience CT. Also, the UCHC has budgeted \$51.0 million for Current Services fringe benefits and \$13.5 million for JDH fringe benefit differential, which is not appropriated directly to the UCHC.

The FY 2015 Current Services State Appropriation request is \$141.8 million. The UCHC is requesting increased funds for personal services increases of \$5.8 million. In addition, \$18.8 million is being requested for faculty recruitment related to Bioscience CT an increase of \$5.6 million from FY14. Also, the UCHC has budgeted \$53.5 million for Current Services fringe benefits and \$13.5 million for JDH fringe benefit differential, which is not appropriated directly to the UCHC.

This request was reviewed and endorsed by the UCHC Finance Subcommittee on June 4, 2012 and Board of Directors on June 11, 2012.