



BOARD OF DIRECTORS MEETING

April 14, 2008
Minutes

Dr. Burrow called the meeting to order at 8:30 a.m.

1. Public Comment

- There was no public comment.

2. PWC Contract

PricewaterhouseCoopers (PwC) was selected for a Health Center contract starting November 15, 2007 to provide consulting services for a multiple-phase effort broadly described as a strategic business transformation. This effort was pursued at the request of the Board of Directors. A Revenue Cycle Assessment for the clinical operation was a significant part of the engagement. PwC's outline of the Revenue Cycle Assessment includes point of service collections, charge capture, patient access, accounts receivable management, managed care contracting and improved coding/documentation. In order to expedite the positive financial impact of the recommendations, it would be beneficial to contract with the current PwC team to assist management with implementation. Since all of the Revenue Cycle Assessment recommendations are specific to the clinical operation, management proposes separating this activity from the broader engagement and managing it through the Finance Corporation. This engagement was approved by the Finance Corporation Board of Directors on March 24, 2008.

The expected return on investment is approximately \$4.5M. It was clarified that this is a revenue-capture project and not a cost cutting one, and that the yield will be spread over a number of years because some of the changes involve policy changes.

In the motion duly made, seconded and unanimously carried, the UCHC Board of Directors authorized, on behalf of the John Dempsey Hospital and the UConn Medical Group, a contract with the firm of PricewaterhouseCoopers for implementation of the Revenue Cycle Assessment, and that the Executive Director be authorized to enter into such contract and approve services in an amount not to exceed a total of \$1,392,000.

3. Project Budget for Library

In the motion duly made, seconded and unanimously carried, the UCHC Board of Directors approved the Final Project Budget for the UCHC Library and Student Computer Center Renovations.

This budget will now go for approval to the Board of Trustees at their April 15, 2008 meeting.

4. Financial Update

For the month of February, the actual deficiency is \$1.5 million as compared to a budgeted excess of revenues over expenses of \$88,000, for an unfavorable variance of \$1.56 million. The actual deficiency for the Fiscal Year to Date is \$13.5 million as compared to a budgeted deficiency of \$479,000, for an unfavorable variance of \$13.0 million.

Last fiscal year's result for the same period was an actual deficiency of \$15.8 million. The month of December 2007 financial report described a marked and unusual downturn with a deficit for the month of \$4.1 million. The months of January and February reflected an average deficit of \$1.6 million per month. The forecast for the remainder of the fiscal year still anticipates a deficit of approximately \$21.9 million.

Significant Highlights for the Month of February:

The hospital operation (JDH) continues to be unfavorable to the budget plan, but with some improvement. Net patient revenue was ahead of budget by 3.6% and there is improvement in the revenue per unit due to increased surgery activity. Although admissions have been below budget, the decreased activity has tended to be in poorly reimbursed areas. Expenses, however, have been unfavorable to the budget plan. The categories that are over budget are salaries, fringe benefits and drugs and a more detailed analysis can be found in the pages that follow. The deficit through the first six months ending December 2007 was \$12.5 million, or an average monthly deficit of \$2.1 million. The months of January and February improved to an average monthly deficit of \$970,000.

UConn Medical Group's results were on budget for the month due to increased volume generating net revenue that was favorable to the budget plan. A more detailed analysis can be found in the materials.

Research activities have an unfavorable variance from the budget plan of \$681,000 for the month, which is consistent with the previous seven months. Research Awards increased \$4.2 million as compared to the same period last year, of which \$3.3 million was in the federal award category.

The School of Medicine was unfavorable to the budget due to an adjustment to defer a revenue line due to decreased spending.

Correctional Managed Health Care was unfavorable to the budget plan by \$391,000. It remains to be seen whether the General Assembly will enact the deficiency bill, which in its present form includes an amount sufficient to cover the CMHC shortfall.

Institutional Support was on budget for the month. Utilities continue to track favorable to the budget.

The forecasted deficit for the fiscal year 2008 is expected not to change from the previously reported amount of \$22.0 million. Management continues to evaluate opportunities in addition to the PWC engagement. Board members asked additional questions on numerous topics that included expense management, revenue cycle, and fringe benefits.

5. Executive Session

By unanimous vote, the Board entered into Executive Session at 8:50 am.

VP/Dean Search Update - Preliminary Notes and Drafts

CASE Report Update - Preliminary Notes and Drafts

Naming Opportunity – Preliminary Notes and Drafts

Attendees: G. Burrow, M. Cicchetti, C. Chase, S. Cloud, J. Droney, D. Friend, R. Galvin, J. Goldberg, J. Haberland, B. Hehir, L. Jacobs, R. Samuels, W. Shepperd, L. Aronson, B. Carlson, C. Dugger, B. Feldman, J. Lombardo, M. MacNeil, J. Thornton, D. Upton, S. Whetstone, M. Smith.

Executive Session concluded at 9:10 a.m.

There being no further business, the meeting was adjourned at 9:12 am

Respectfully submitted,

Peter J. Deckers, M.D.

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