



University of Connecticut
*Office of the Vice President and
Chief Financial Officer*

June 10, 2010

REVISED

TO: Members of the Board of Trustees

FROM: Richard D. Gray
Vice President and Chief Financial Officer

John M. Biancamano
Chief Financial Officer

RE: Spending Plan for Fiscal Year 2011 for the University of Connecticut
Health Center

RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2011 of \$787.3 million for the University of Connecticut Health Center. The approval is contingent on UCHC Board of Directors approval on June 14, 2010.

BACKGROUND:

The Fiscal Year 2011 Spending Plan includes \$787.3 million of revenue, including state funding of \$119.3 million (excluding fringe benefits), to cover \$787.3 million in expenses yielding a net gain of \$42,293. This budget includes planned revenue enhancements.

An Equal Opportunity Employer

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University of Connecticut Health Center

Operating Budget

Fiscal Year Ending 2011

and

Review of Fiscal Year Ending 2010

University of Connecticut Health Center

Current Fiscal Year Highlights

Fiscal Year 2010 Budget vs. Fiscal Year 2010 Projection

Lower Revenue for:

- Tuition & Fees
- Decrease in Federal Grants and Contracts revenue
- Decrease in School of Medicine Faculty Contracts
- Net patient revenue for JDH, UMG and Dental Implant Center
- Endowment revenue decreased due to lower expenses available for reimbursement
- STIF Interest income rate very low
- Perfusion contract renegotiation

Higher expenses for:

- Medical supplies related to an increase in Orthopedic and Neurosurgery cases, Electrophysiology Lab
- Outside & Other Purchased Services (Marketing, New Tower)
- Outside Agencies Per Diem expense due to nursing staff vacancies

Lower expenses for:

- Personal Services and fringe benefit savings related to RIP (Retirement Incentive Program) employees, unfilled vacancies and furlough days
- Utilities, lower gas prices
- Pharmacy due to 340B pricing and lower volume
- Depreciation
- Repairs and Maintenance (JDH Building Services, Clinical Engineering, Grounds, Farmington Surgery Center Repairs)
- Medical Contractual Support (Interns & Residents, Anesthesia)
- General Maintenance Supplies

University of Connecticut Health Center
Consolidated Statement of Revenues and Expenses (with Eliminations)
Fiscal Year 2010 Budget & Fiscal Year 2010 Projection

	Fiscal Year 2010	Fiscal Year 2010	FY 2010 Budget vs FY 2010 Proj. Actual	
	Approved Budget	Projected Actual	Variance	Percent Variance
Revenues:				
Tuitions	\$ 11,435,993	\$ 10,652,028	\$ (783,965)	-6.9%
Fees	6,188,722	6,079,988	(108,734)	-1.8%
Federal Research Grants and Contracts	68,690,000	65,625,897	(3,064,103)	-4.5%
Non-Federal Research Grants and Contracts	20,056,112	20,055,105	(1,007)	0.0%
Auxiliary Enterprises	14,605,924	13,138,068	(1,467,856)	-10.0%
Interns and Residents	43,713,244	43,557,799	(155,445)	-0.4%
Net Patient Care	331,175,061	321,225,304	(9,949,757)	-3.0%
Correctional Managed Health Care	100,097,000	92,041,932	(8,055,068)	-8.0%
Endowment/Foundation Income	4,314,545	3,197,273	(1,117,272)	-25.9%
Investment Income	1,034,842	298,034	(736,808)	-71.2%
Other Income	2,655,972	1,763,347	(892,625)	-33.6%
Total Revenues	\$ 603,967,415	\$ 577,634,775	\$ (26,332,640)	-4.4%
Expenses:				
Personal Services	\$ 306,800,888	\$ 297,846,828	\$ (8,954,060)	-2.9%
Fringe Benefits	116,637,843	112,767,301	(3,870,542)	-3.3%
Medical Contractual Support	15,678,577	12,982,676	(2,695,901)	-17.2%
Medical/Dental House Staff	39,475,780	40,160,335	684,555	1.7%
Correctional Managed Health Care	100,097,000	92,110,452	(7,986,548)	-8.0%
Outside Agency Per Diems	710,019	1,973,943	1,263,924	178.0%
Drugs	20,254,775	17,916,411	(2,338,364)	-11.5%
Medical Supplies	46,866,130	47,957,266	1,091,136	2.3%
Utilities	16,727,331	13,641,283	(3,086,048)	-18.4%
Outside & Other Purchased Services	42,462,916	44,793,649	2,330,733	5.5%
Insurance	7,179,935	6,989,280	(190,655)	-2.7%
Repairs & Maintenance	11,847,702	8,814,029	(3,033,673)	-25.6%
Other Expenses	23,099,427	22,555,050	(544,377)	-2.4%
Depreciation	32,814,000	30,585,030	(2,228,970)	-6.8%
Total Expenses	\$ 780,652,323	\$ 751,093,533	\$ (29,558,790)	-3.8%
Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations	\$ (176,684,908)	\$ (173,458,758)	3,226,150	1.8%
State Appropriation-Block Grant	117,734,347	117,734,347	-	0.0%
State Supported Fringe Benefits	45,466,001	44,124,313	(1,341,688)	-3.0%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency)	\$ 15,440	\$ 1,899,902	\$ 1,884,462	12205.1%
Total State Support	176,700,348	175,358,660	(1,341,688)	-0.8%
Percent of Total Revenues	22.63%	23.29%	0.65%	2.9%

University of Connecticut Health Center

FY 2011 Budget Assumptions

Overall Budget Assumptions

- Increase in health insurance and retirement fringe benefits (6% health and 1% retirement)
- Increase in appropriations (per Approved Budget) along with the associated increase in state supported fringe benefits
- Assumes bargaining unit increases for unionized employees based on most recent contracts (approximately 3% FY 11 impact)
- Includes non union salary increases (approximately 3% FY 11 impact)
- Furlough days (3) for all applicable employees

Education, Research, & Institutional Support Assumptions

- Tuition and Fees for the School of Medicine (SOM) and School of Dental Medicine (SODM) assumes a 5% rate increase and a slight increase in students (12)
- Grants and contracts revenues increase by 3%
- Net patient revenue increase for the Dental Faculty along with the Dental Implant Center are due to a recently hired Oral Surgeon
- Operating expenses related to the newly renovated 400 Farmington research building (increases to utilities, information technology, public safety, depreciation, repairs and maintenance)
- Increase in expenses related to the Connecticut Institute for Clinical and Translational Science (CICATS)
- Increases for outside legal and professional services related to labor relations
- Interns and Residents revenue assumes a 5% increase in rate along with a full year of the 15% indirect charge to the hospitals
- Increase in auxiliary revenue and other expenses related to the new Insurance Benefit Mandate Program and School of Dental Medicine Faculty Hill Health contract
- Research faculty recruitment in Nanomedicine, Cardiovascular, Stem Cells, Aging, Neuroscience, Musculoskeletal, Structural Biology, and Bio-behavioral (Addictions)
- Academic support for SOM curriculum improvement

University of Connecticut Health Center

FY 2011 Budget Assumptions - Clinical

Clinical - John Dempsey Hospital/Dental Clinics Assumptions

- Net Patient Revenue assumes a 3.9% increase, primarily the result of rate increases
- Patient volume for Dental Clinics will remain flat
- Fringe Benefit Differential (per Approved Budget)
- Additional FTE's for patient safety, quality and pursuit of Magnet designation
- Malpractice insurance based on historical payouts
- Medical/dental house staff expense is budgeted with a 5% increase in rate and a full year of the 15% indirect charge
- Assumes a reduction to outside agency and overtime expenses due to budgeting at necessary staffing needs based on patient census
- Increase in other expenses related to nursing education and Magnet Status

Clinical - UConn Medical Group Assumptions

- Net Patient Revenue assumes a 4.4% increase, the result of rate (2.1%) and volume increases (2.3%)
- Malpractice insurance based on historical payouts
- Outside purchased services increasing due to Cardiac equipment lease and maintenance fees for the IDX system
- Clinical faculty recruitment in Surgery, Musculoskeletal, Dermatology and Rheumatology (primarily to refill vacant positions)

University of Connecticut Health Center
Consolidated Statement of Revenues and Expenses (with Eliminations)
Fiscal Year 2010 Projected Actual & Fiscal Year 2011 Budget

	Fiscal Year 2010 Projected Actual	Fiscal Year 2011 Budget	FY 2010 Proj. Actual vs FY 2011 Budget Variance	Percent Variance
Revenues:				
Tuitions	\$ 10,652,028	\$ 11,949,540	\$ 1,297,512	12.2%
Fees	6,079,988	6,459,170	379,182	6.2%
Federal Research Grants and Contracts	65,625,897	67,378,937	1,753,040	2.7%
Non-Federal Research Grants and Contracts	20,055,105	20,881,096	825,991	4.1%
Auxiliary Enterprises	13,138,068	13,788,253	650,185	4.9%
Interns and Residents	43,557,799	47,783,802	4,226,003	9.7%
Net Patient Care	321,225,304	335,078,322	13,853,018	4.3%
Correctional Managed Health Care	92,041,932	98,624,000	6,582,068	7.2%
Endowment/Foundation Income	3,197,273	3,223,488	26,215	0.8%
Investment Income	298,034	298,034	-	0.0%
Other Income	1,763,347	1,613,944	(149,403)	-8.5%
Total Revenues	\$ 577,634,775	\$ 607,078,586	\$ 29,443,811	5.1%
Expenses:				
Personal Services	\$ 297,846,828	\$ 314,160,978	\$ 16,314,150	5.5%
Fringe Benefits	112,767,301	120,240,834	7,473,533	6.6%
Medical Contractual Support	12,982,676	13,510,755	528,079	4.1%
Medical/Dental House Staff	40,160,335	41,427,653	1,267,318	3.2%
Correctional Managed Health Care	92,110,452	98,624,000	6,513,548	7.1%
Outside Agency Per Diems	1,973,943	1,447,615	(526,328)	-26.7%
Drugs	17,916,411	18,581,834	665,423	3.7%
Medical Supplies	47,957,266	49,291,918	1,334,652	2.8%
Utilities	13,641,283	14,046,923	405,640	3.0%
Outside & Other Purchased Services	44,793,649	45,694,548	900,899	2.0%
Insurance	6,989,280	6,964,379	(24,901)	-0.4%
Repairs & Maintenance	8,814,029	9,516,161	702,132	8.0%
Other Expenses	22,555,050	23,810,498	1,255,448	5.6%
Depreciation	30,585,030	30,016,843	(568,187)	-1.9%
Total Expenses	\$ 751,093,533	\$ 787,334,939	\$ 36,241,406	4.8%
Excess/(Deficiency) of Revenues over Expenses Prior to State Appropriations	\$ (173,458,758)	\$ (180,256,353)	(6,797,595)	-3.9%
State Appropriation-Block Grant	117,734,347	119,346,347	1,612,000	1.4%
State Supported Fringe Benefits	44,124,313	47,452,299	3,327,986	7.5%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency)	\$ 1,899,902	\$ 42,293	\$ (1,857,609)	-97.8%
Total State Support	175,358,660	180,298,646	4,939,986	2.8%
Percent of Total Revenues	23.29%	22.90%	-0.39%	-1.7%

University of Connecticut Health Center

Key Financial and Statistical Indicators

Operating Budget Fiscal Year Ending June 30, 2011

<u>Category</u>	Projected Actuals FY10	Budget FY11	Variance	Percent
Total UCHC Excess/Deficiency	\$1,899,902	\$42,293	(\$1,857,609)	97.8%
Education, Research & Institutional Support-Excess/(Deficiency)	(140,325,965)	(153,008,298)	(12,682,333)	-9.0%
Clinical Operations - Excess/(Deficiency)	(33,213,277)	(27,244,737)	5,968,540	18.0%
CMHC - Excess/(Deficiency)	\$80,484	(\$3,318)	(\$83,802)	-104.1%
State Appropriation-Block Grant	117,734,347	119,346,347	1,612,000	1.4%
State Supported Fringe Benefits	44,124,313	47,452,299	3,327,986	7.5%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	0	0.0%
Total State Support	\$175,358,660	\$180,298,646	\$4,939,986	2.8%
State Support as a Percent of Total Revenues	23.29%	22.90%	-0.39%	-1.7%
Research Awards	\$96,700,000	\$91,500,000	(\$5,200,000)	-5.4%
Research Revenue Recognition in Financial Statements	\$85,662,095	\$88,229,126	\$2,567,031	3.0%
John Dempsey Hospital/Dental Clinics				
Inpatient Discharges	9,483	9,693	210	2.2%
Outpatient Equivalent (excluding Dental)	8,470	8,522	52	0.6%
Dental Visits	92,417	92,879	462	0.5%
Total Revenue per Adjusted Discharge	\$13,484	\$13,842	\$358	2.7%
Cost per Adjusted Discharge	\$14,747	\$14,811	\$64	0.4%
Days Revenue in Accounts Receivable	46	45	(1)	-2.2%
Case Mix Index	1.4887	1.4862	(0.0025)	-0.2%
FTE's per Adjusted Occupied Bed	4.97	4.69	(0.28)	-5.6%
Excess of Revenues over Expenses/(Deficiency)	(\$9,132,519)	(\$4,062,063)	\$5,070,456	55.5%
UConn Medical Group				
Physician RVU's	832,151	851,265	19,114	2.3%
Net Revenue Per RVU	\$94.34	\$96.08	\$1.74	1.8%
Cost per RVU	\$115.08	\$115.79	\$0.71	0.6%
Days Revenue in Accounts Receivable	58	56	(2)	-3.4%
Excess of Revenues over Expenses/(Deficiency)	(\$10,580,758)	(\$9,682,674)	\$898,084	8.5%

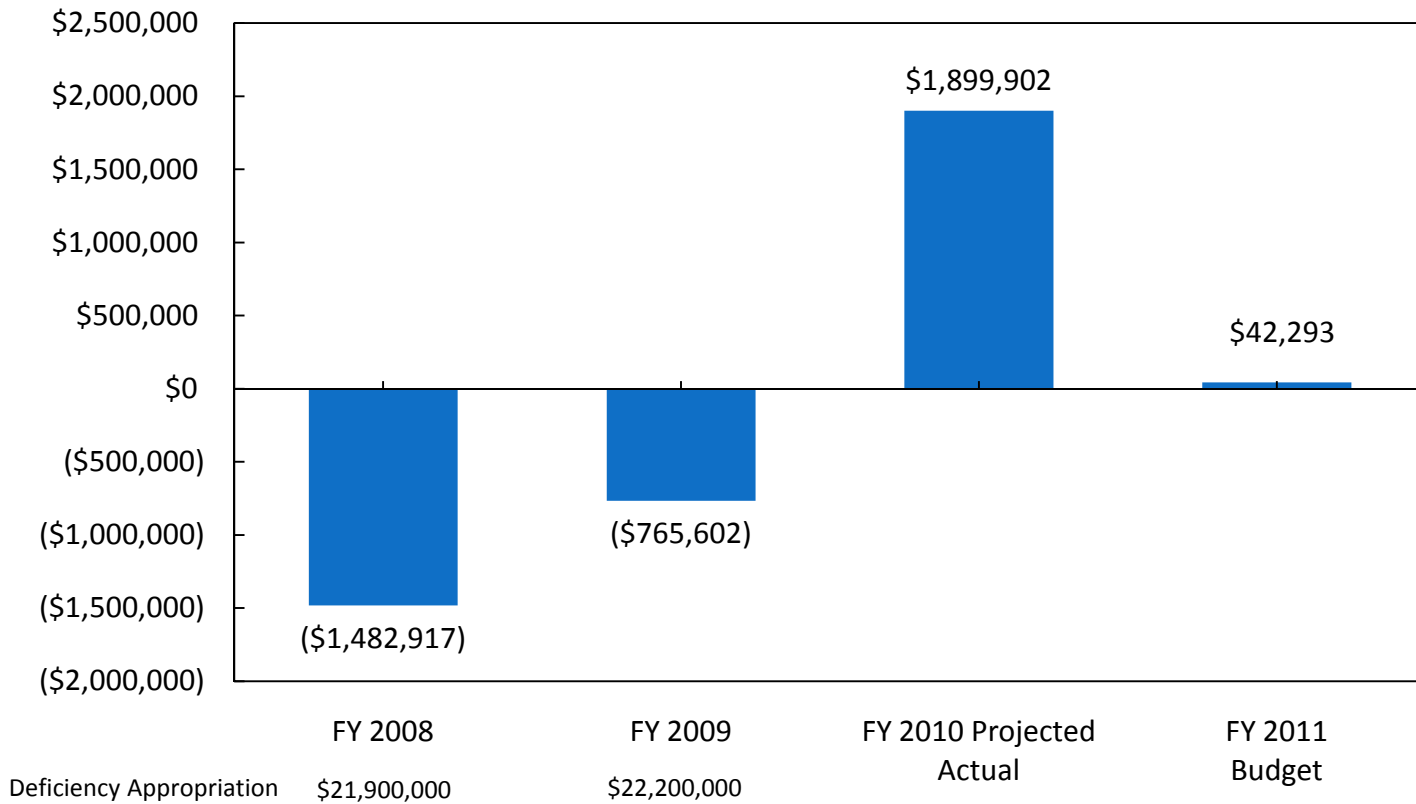
University of Connecticut Health Center-John Dempsey Hospital/Dental Clinics
Statement of Revenues and Expenses
Fiscal Year 2010 Projected Actual & Fiscal Year 2011 Budget

	Fiscal Year 2010 Projected Actual	Fiscal Year 2011 Budget	FY 2010 Projected Actual vs FY 2011 Budget Variance	Percent Variance
<u>Revenues:</u>				
Net Patient Care	\$ 248,056,632	\$ 257,617,051	9,560,419	3.9%
Auxiliary Enterprises	548,113	506,460	(41,653)	-7.6%
Internal Income	1,893,468	1,943,365	49,897	2.6%
Endowment/Foundation Income	501,224	551,245	50,021	10.0%
Investment Income	62,990	62,990	-	0.0%
Other Income	802,473	849,200	46,727	5.8%
Total Revenues	251,864,900	261,530,311	9,665,411	3.8%
<u>Expenses:</u>				
Personal Services	\$ 87,227,675	\$ 91,490,257	\$ 4,262,582	4.9%
Fringe Benefits	37,916,565	39,934,002	2,017,437	5.3%
Medical Contractual Support	4,220,356	4,372,323	151,967	3.6%
Internal Contractual Support	17,632,384	18,683,074	1,050,690	6.0%
Medical/Dental House Staff	15,171,539	16,042,656	871,117	5.7%
Outside Agency Per Diems	1,819,644	1,242,797	(576,847)	-31.7%
Drugs	15,816,911	16,059,801	242,890	1.5%
Medical Supplies	37,595,728	37,881,184	285,456	0.8%
Utilities	2,655,325	2,658,579	3,254	0.1%
Outside & Other Purchased Services	30,194,580	29,215,528	(979,052)	-3.2%
Insurance	3,367,491	3,469,837	102,346	3.0%
Repairs & Maintenance	5,487,538	5,292,345	(195,193)	-3.6%
Other Expenses	3,326,032	3,412,692	86,660	2.6%
Depreciation	12,065,651	9,337,299	(2,728,352)	-22.6%
Total Expenses	274,497,419	279,092,374	4,594,955	1.7%
<u>Excess/(Deficiency) of Revenues over Expenses</u>	\$ (22,632,519)	\$ (17,562,063)	\$ 5,070,456	22.4%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency after Fringe Benefit Allotment	(9,132,519)	(4,062,063)	5,070,456	-55.5%

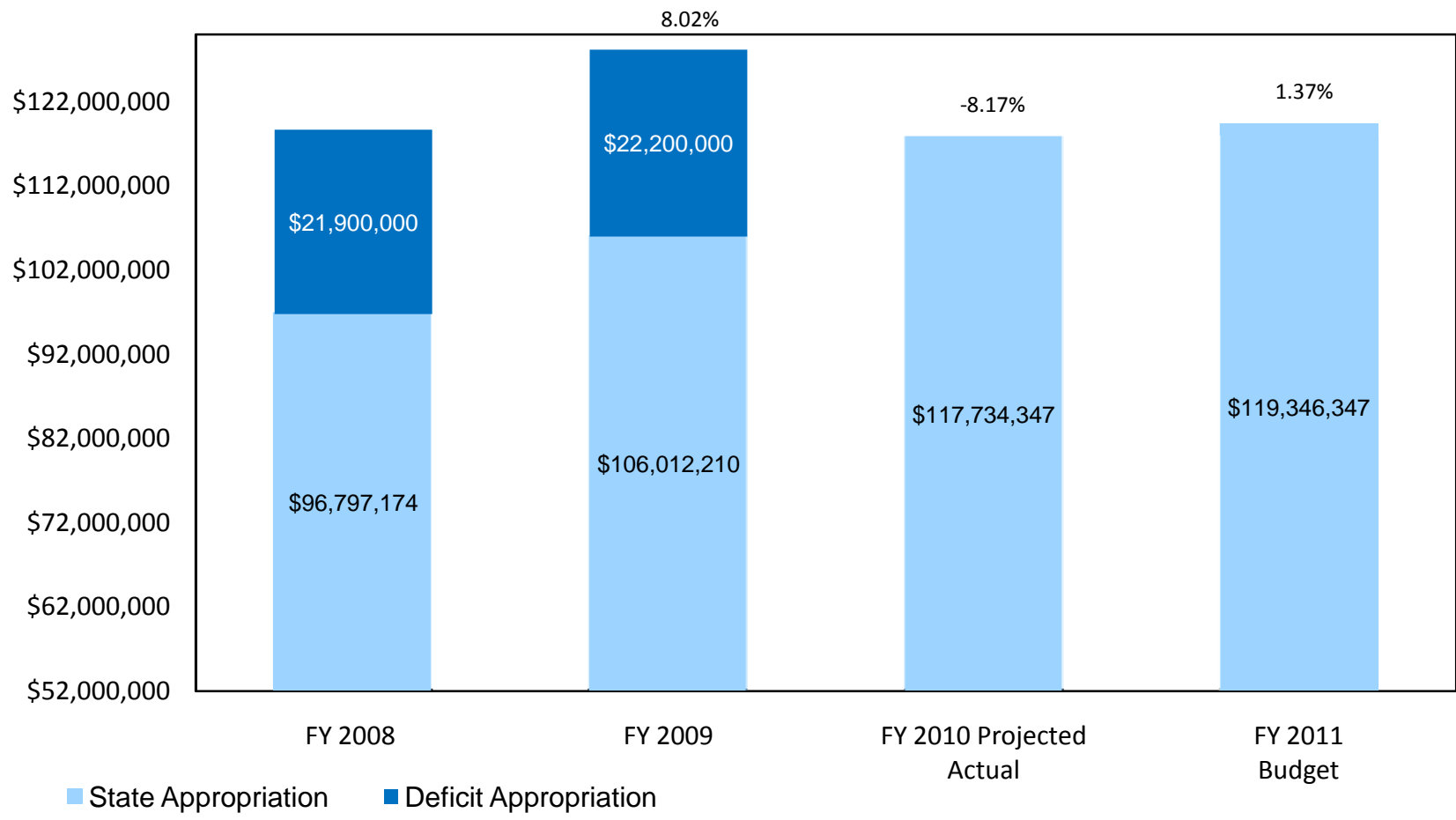
University of Connecticut Health Center - UConn Medical Group
Statement of Revenue and Expenses
Fiscal Year 2010 Projected Actual & Fiscal Year 2011 Budget

	Fiscal Year 2010 Projected Actual	Fiscal Year 2011 Budget	FY 2010 Projected Actual vs FY 2011 Budget Variance	Percent Variance
<u>REVENUES:</u>				
Net Patient Revenue	78,082,259	81,520,200	3,437,941	4.4%
Other Revenues	7,099,037	7,367,056	268,019	3.8%
Total Revenues	\$ 85,181,296	\$ 88,887,256	\$ 3,705,960	4.4%
<u>EXPENSES:</u>				
Personal Services	53,630,871	54,674,759	1,043,888	1.9%
Fringe Benefits	17,719,133	18,803,515	1,084,382	6.1%
Medical Contractual Support	7,218,552	7,131,811	(86,741)	-1.2%
Outside Agency Per Diems	80,359	115,580	35,221	43.8%
Drugs	1,987,198	2,122,991	135,793	6.8%
Medical Supplies	1,389,906	1,433,784	43,878	3.2%
Utilities	265,349	266,873	1,524	0.6%
Outside & Other Purchased Services	10,585,541	11,049,552	464,011	4.4%
Insurance	488,124	637,960	149,836	30.7%
Repairs & Maintenance	455,701	526,679	70,978	15.6%
Other Expenses	706,774	785,205	78,431	11.1%
Depreciation	1,234,546	1,021,221	(213,325)	-17.3%
Total Expenses	95,762,054	98,569,930	2,807,876	2.9%
Excess/Deficiency of Revenues over Expenses	\$ (10,580,758)	\$ (9,682,674)	\$ 898,084	8.5%

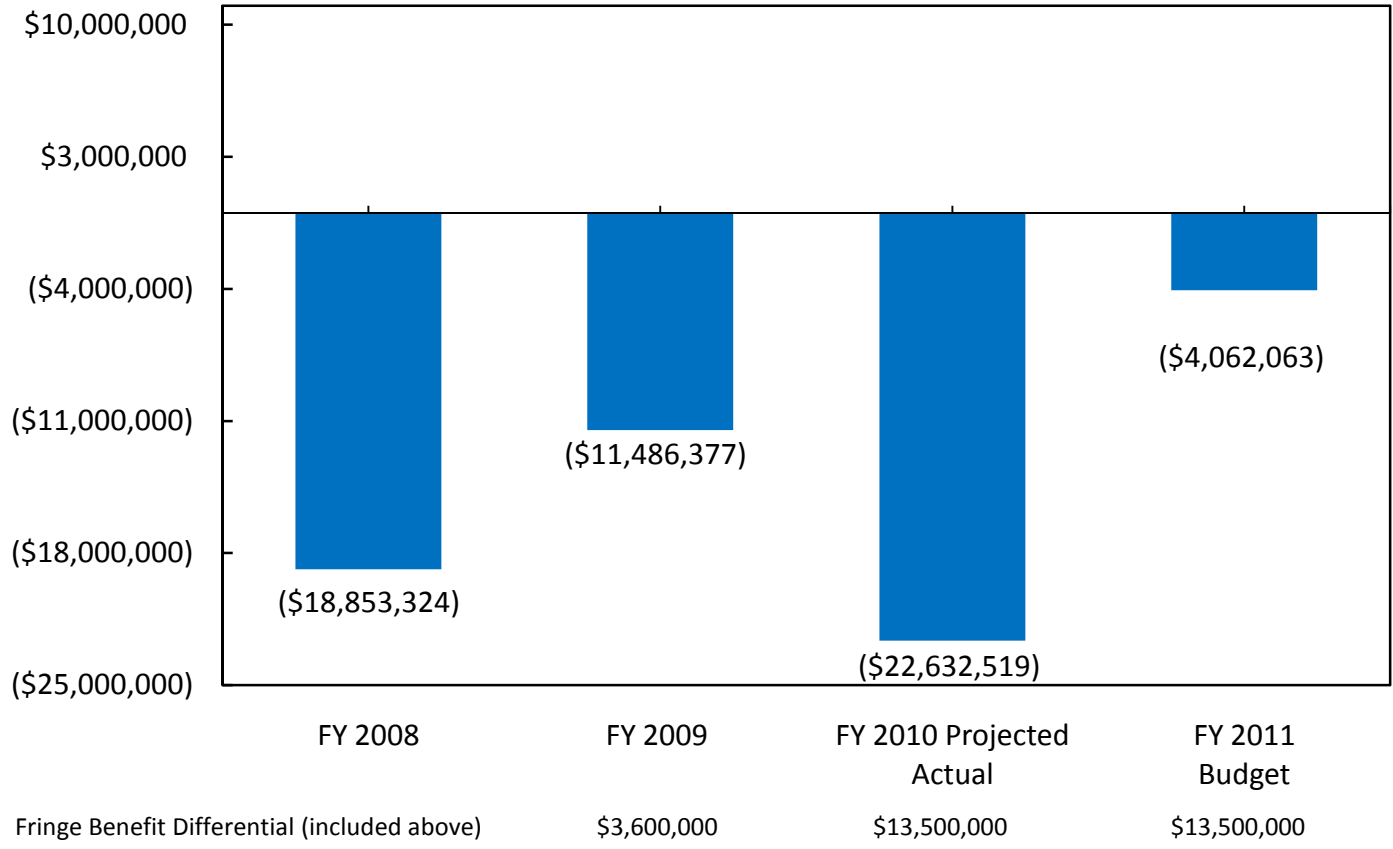
University of Connecticut Health Center Profit (Deficiency) By Fiscal Year



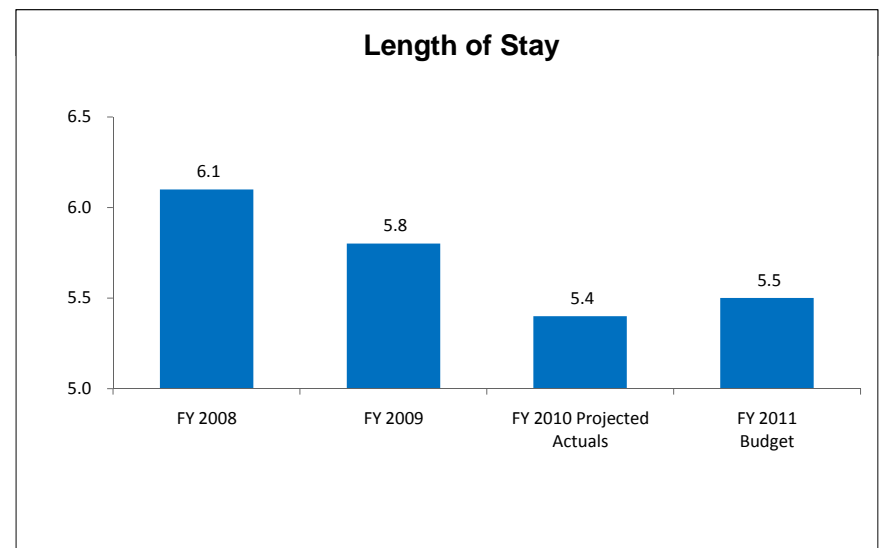
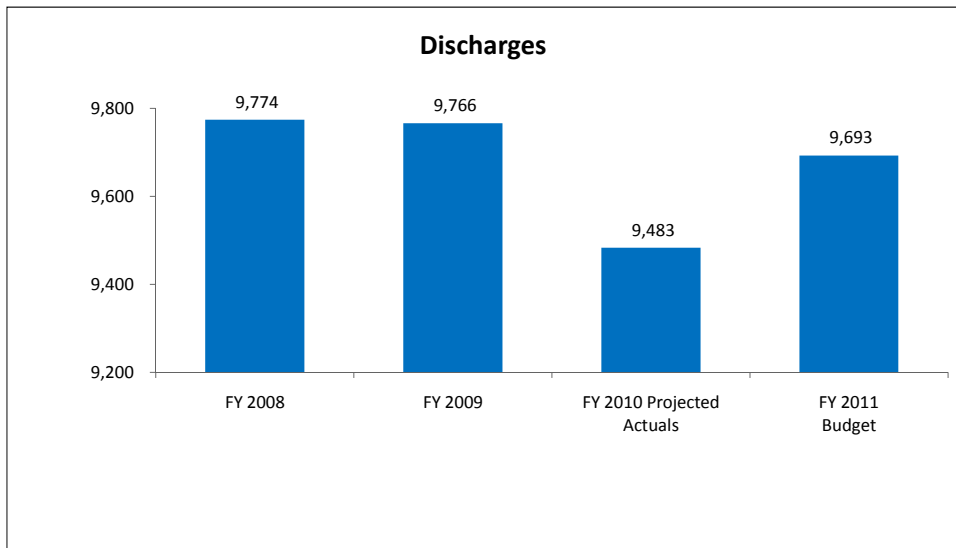
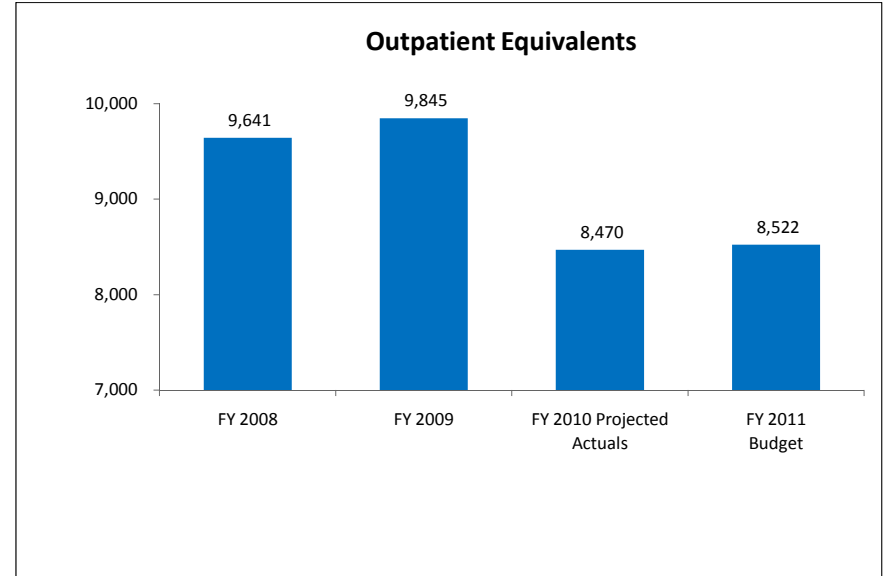
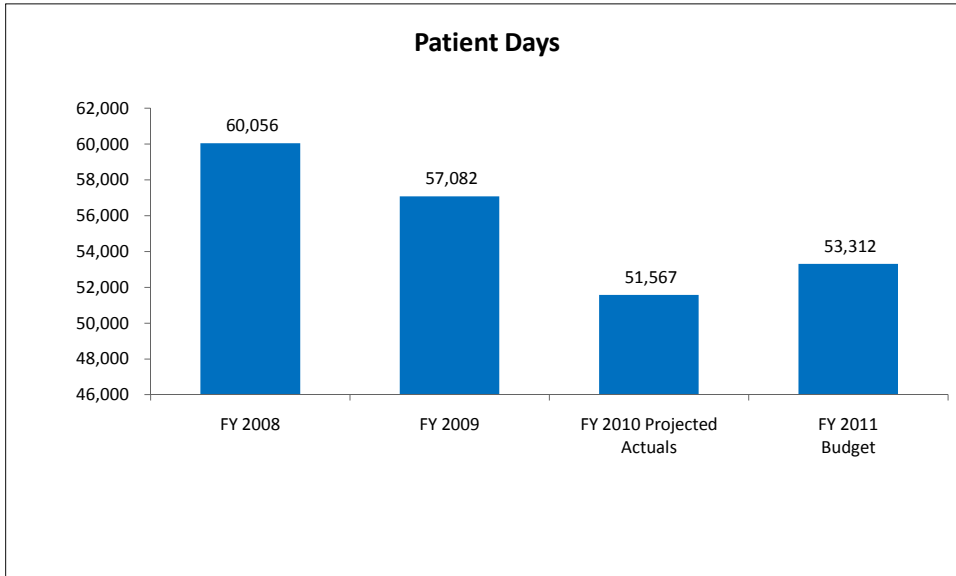
University of Connecticut Health Center State Appropriation w/o Fringe Benefits By Fiscal Year



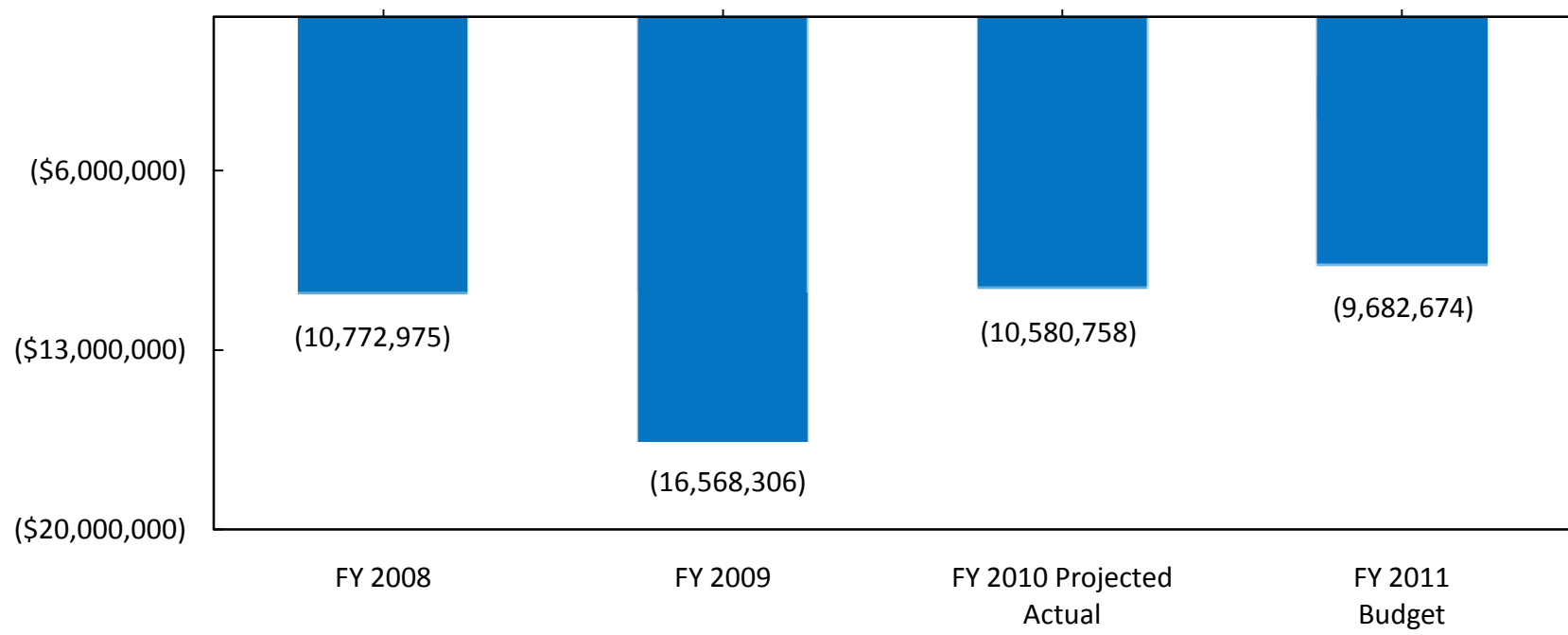
**John Dempsey Hospital/Dental Clinics
Deficiency by Fiscal Year**



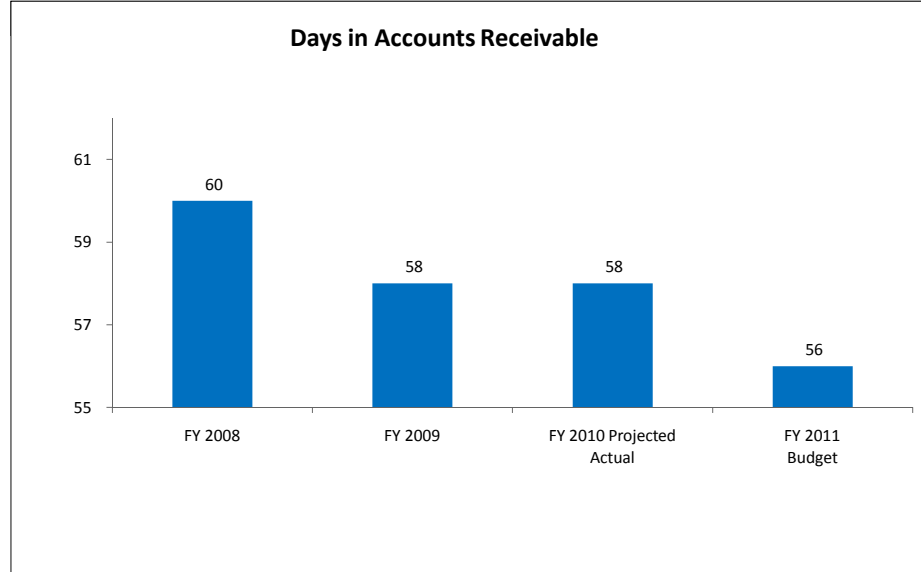
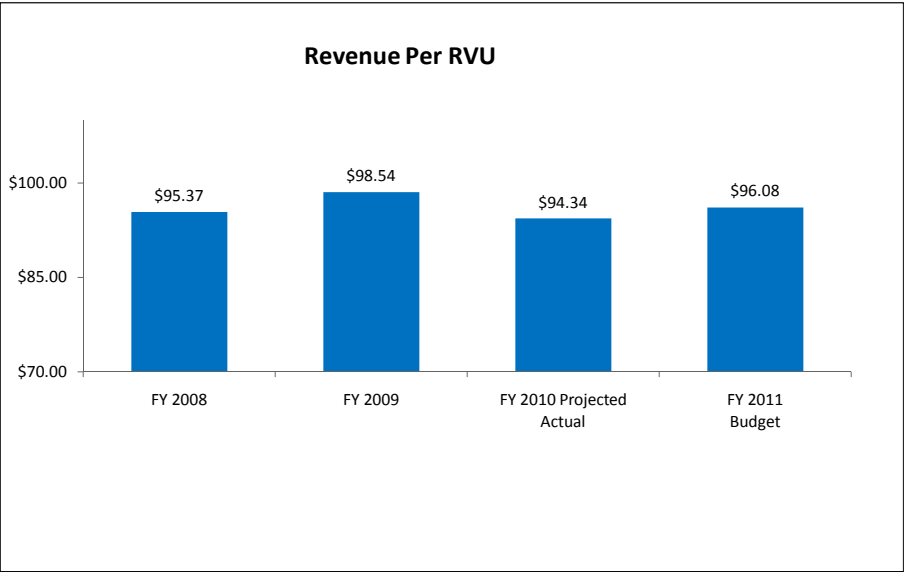
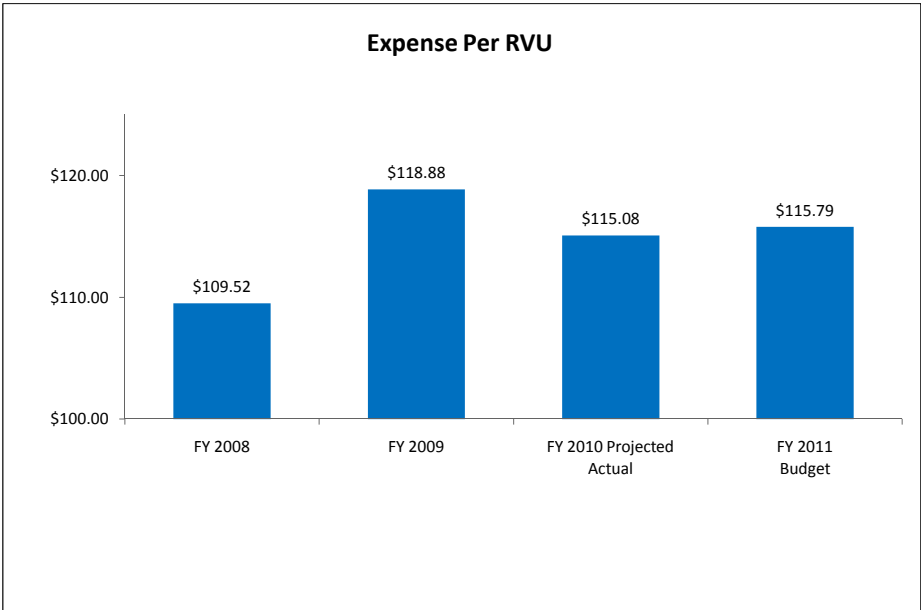
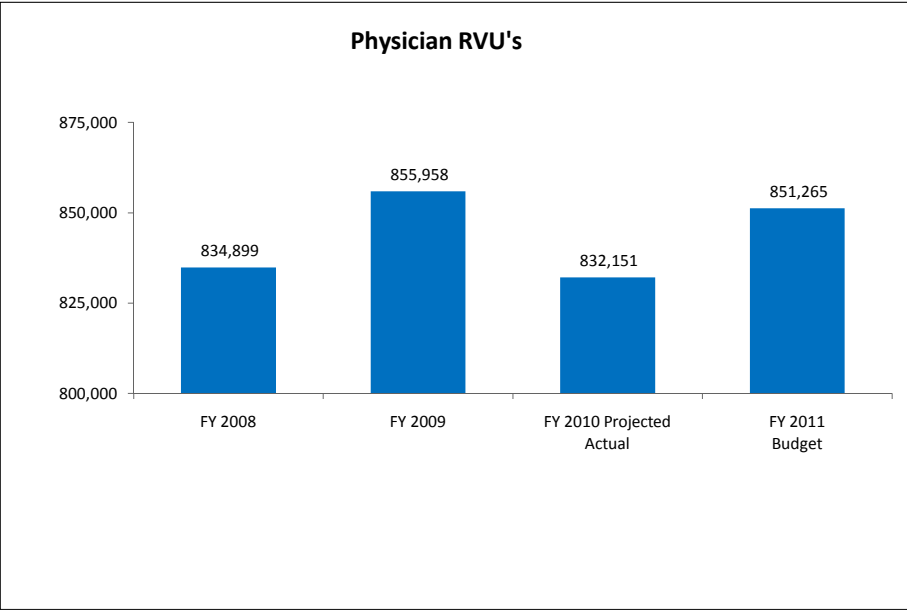
JOHN DEMPSEY HOSPITAL Statistical Graphs



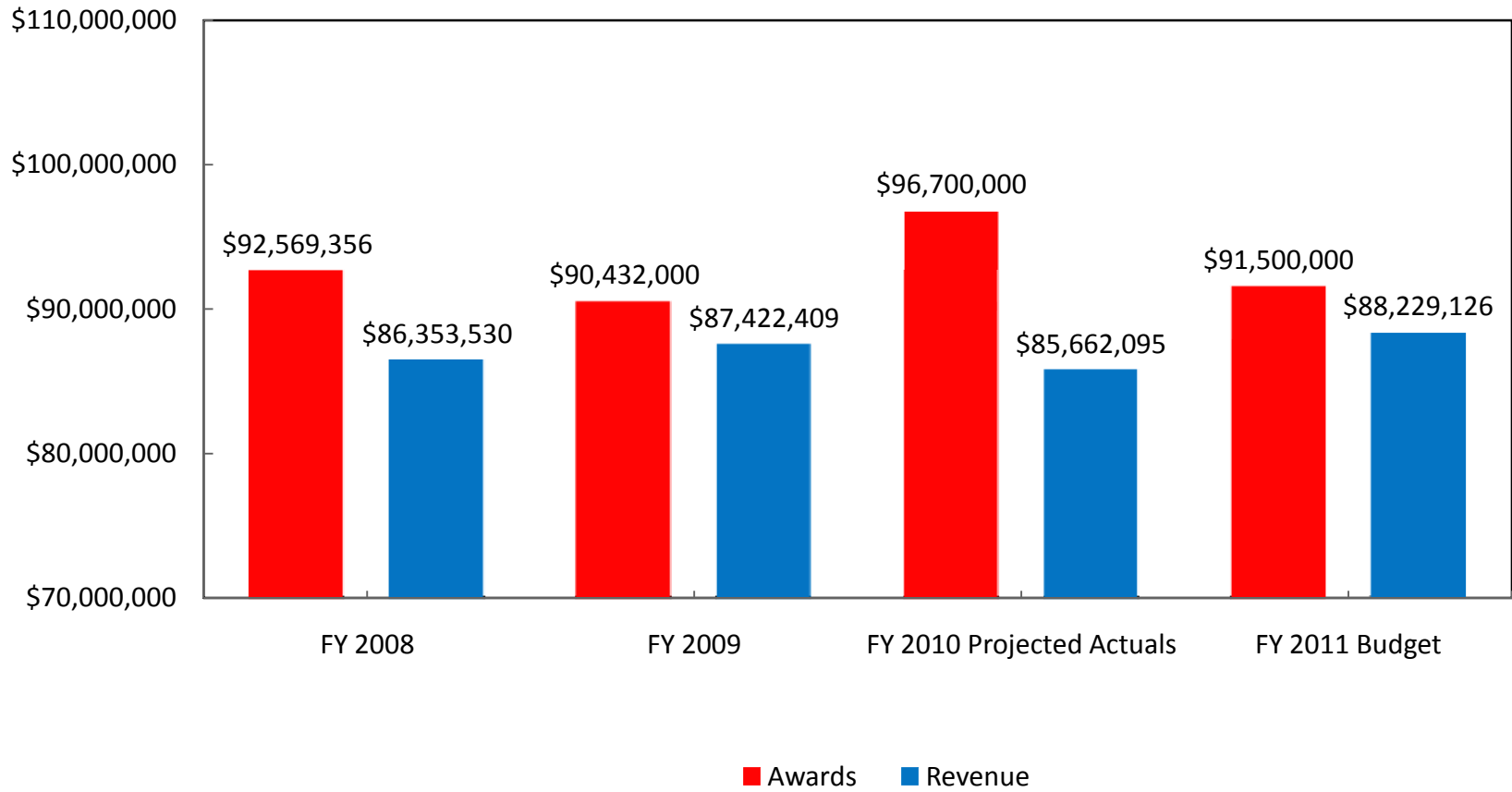
UConn Medical Group Deficiency By Fiscal Year



UConn Medical Group Statistical Graphs



UNIVERSITY OF CONNECTICUT HEALTH CENTER
Research Awards and Revenue Recognition By Fiscal Year
 Note: This graph includes the full grant amount (even if multi-year) in the year of the award






University of Connecticut
*Office of the Vice President and
Chief Financial Officer*

June 10, 2010

TO: Members of the Board of Trustees

FROM: Richard D. Gray
Vice President and Chief Financial Officer

John M. Biancamano 
Chief Financial Officer

RE: State Appropriation Current Services Request for the Biennium Fiscal Years
2012 and 2013 for the University of Connecticut Health Center

RECOMMENDATION:

That the Board of Trustees approve for the Health Center a Current Services State Appropriation Request for the Biennium Fiscal Years 2012 and 2013 as follows: \$133.1 million for Fiscal Year 2012 and \$137.4 million for Fiscal Year 2013. The approval is contingent on UCHC Board of Directors approval on June 14, 2010.

BACKGROUND:

The FY 2012 Current Services State Appropriation Request is \$133.1 million. Also, the Health Center has budgeted \$50.9 million for Current Services fringe benefits and \$13.9 million for the John Dempsey Hospital fringe benefit differential, which are not appropriated directly to the Health Center. The FY 2012 Current Services State Appropriation Request represents an increase over the FY 2011 level of \$8.8 million.

The FY 2013 Current Services State Appropriation Request is \$137.4 million. The Health Center is requesting increased funding for personal services increases of \$9.3 million. Also, the Health Center has budgeted \$54.6 million for Current Services fringe benefits and \$14.3 million for the John Dempsey Hospital fringe benefit differential, which are not appropriated directly to the Health Center.

This request was reviewed and endorsed by the UCHC Finance Subcommittee on June 7, 2010.

An Equal Opportunity Employer

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