



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

June 23, 2011

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 2012 for the University of Connecticut Health Center

RECOMMENDATION:

That the Board of Trustees approve the Spending Plan for Fiscal Year 2012 of \$817.2 million for the University of Connecticut Health Center. The spending plan was approved by the UCHC Board of Directors on June 13, 2011.

BACKGROUND:

The Fiscal Year 2012 Spending Plan includes \$817.2 million of revenue, including state funding of \$123.5 million (excluding fringe benefits), to cover \$817.2 million in expenses yielding a net gain of \$53,618.

An Equal Opportunity Employer

352 Mansfield Road Unit 2122
Storrs, Connecticut 06269-2122

Telephone: (860) 486-3455
Facsimile: (860) 486-1070



University of Connecticut Health Center

Proposed Operating Budget

Fiscal Year Ending 2012

and

Review of Fiscal Year Ending 2011

Finance Subcommittee Meeting

June 13, 2011

Fiscal Year 2011

RESULTS

University of Connecticut Health Center

Consolidated Statement of Revenues and Expenses

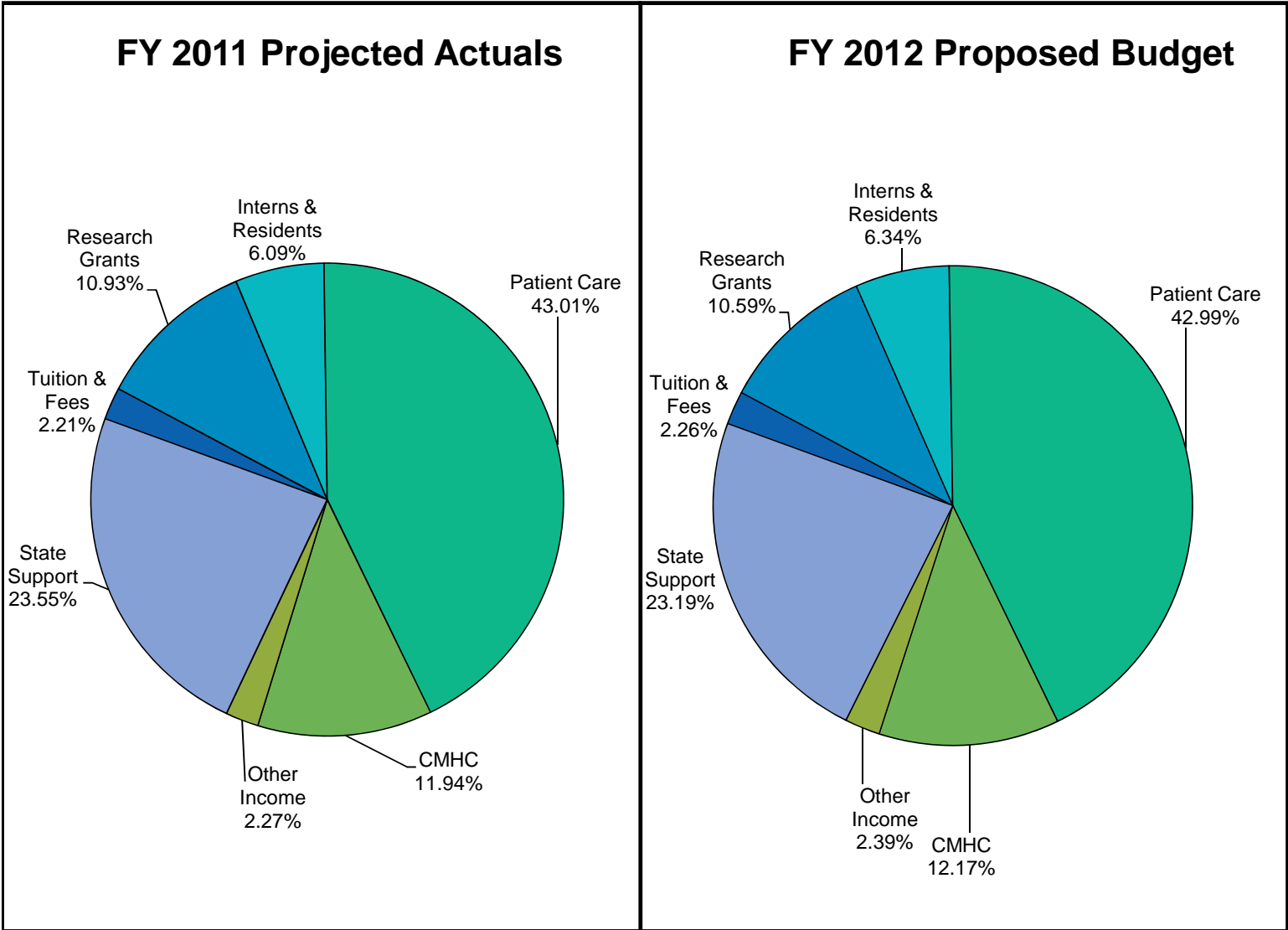
Fiscal Year 2011 Budget & Fiscal Year 2011 Projection

	Fiscal Year 2011	Fiscal Year 2011	FY 2011 Budget vs FY 2011 Proj. Actual	
	Approved Budget	Projected Actual	Variance	Percent Variance
Revenues:				
Tuitions & Fees	\$ 16,961,546	\$ 17,268,031	\$ 306,485	1.8%
Federal Research Grants and Contracts	67,378,937	68,239,571	860,634	1.3%
Non-Federal Research Grants and Contracts	20,881,096	17,110,816	(3,770,280)	-18.1%
Interns and Residents	47,783,802	47,535,238	(248,564)	-0.5%
Net Patient Care	335,078,322	335,813,408	735,086	0.2%
Correctional Managed Health Care	98,624,000	93,224,902	(5,399,098)	-5.5%
Endowment/Foundation Income	3,223,488	2,447,801	(775,687)	-24.1%
Other Income	15,700,231	15,243,218	(457,013)	-2.9%
Total Revenues	\$ 605,631,422	\$ 596,882,985	\$ (8,748,437)	-1.4%
Expenses:				
Personal Services	\$ 314,160,978	\$ 311,238,505	\$ (2,922,473)	-0.9%
Fringe Benefits	120,240,834	121,474,818	1,233,984	1.0%
Medical Contractual Support	13,510,755	16,066,582	2,555,827	18.9%
Medical/Dental House Staff	41,427,653	42,699,924	1,272,271	3.1%
Correctional Managed Health Care	98,624,000	93,228,431	(5,395,569)	-5.5%
Outside Agency Per Diems	1,447,615	1,979,098	531,483	36.7%
Drugs	18,581,834	17,006,035	(1,575,799)	-8.5%
Medical Supplies	49,291,918	47,887,368	(1,404,550)	-2.8%
Utilities	14,046,923	14,177,250	130,327	0.9%
Outside & Other Purchased Services	44,247,384	40,271,336	(3,976,048)	-9.0%
Insurance	6,964,379	6,901,882	(62,497)	-0.9%
Repairs & Maintenance	9,516,161	11,587,340	2,071,179	21.8%
Other Expenses	23,810,498	24,013,220	202,722	0.9%
Depreciation	30,016,843	29,009,366	(1,007,477)	-3.4%
Total Expenses	\$ 785,887,775	\$ 777,541,155	\$ (9,580,604)	-1.2%
Excess/(Deficiency) of Revenues				
over Expenses Prior to State Appropriations				
	\$ (180,256,353)	\$ (180,658,170)	(401,817)	-0.2%
State Appropriation-Block Grant	119,346,347	119,346,347	-	0.0%
State Supported Fringe Benefits	47,452,299	51,014,349	3,562,050	7.5%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency)				
	\$ 42,293	\$ 3,202,526	\$ 3,160,233	7472.2%
Total State Support	180,298,646	183,860,696	3,562,050	2.0%
Percent of Total Revenues	22.94%	23.55%	0.61%	2.7%

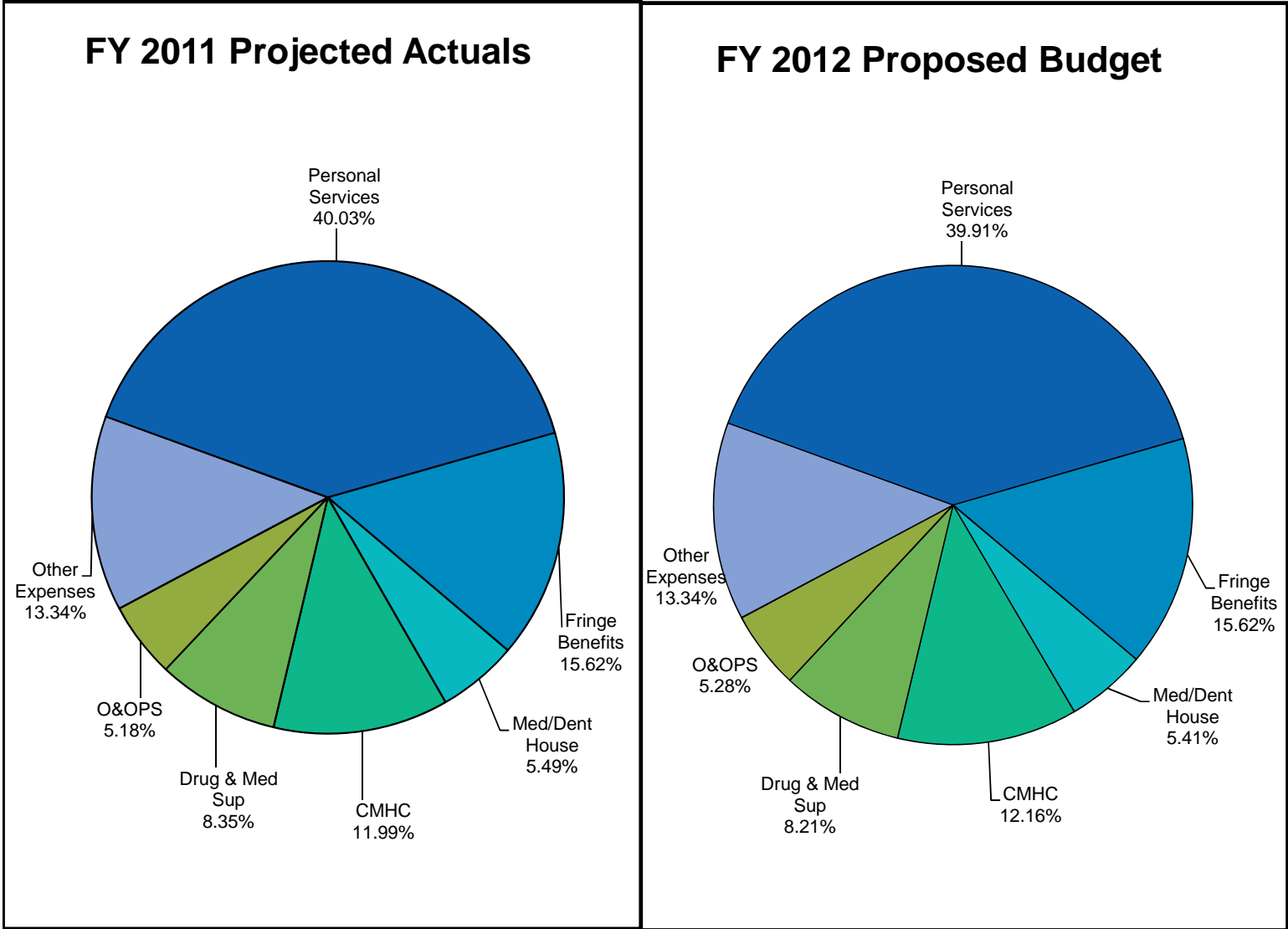
Fiscal Year 2012

BUDGET

**University of Connecticut Health Center
Revenues by Source**



**University of Connecticut Health Center
Expenses by Source**



University of Connecticut Health Center

FY 2012 Budget Assumptions

Overall Budget Assumptions

- Increase in health insurance and retirement fringe benefits (6% health and 1% retirement)
- Increase in state appropriation
- Assumes no bargaining unit increases for unionized employees based on SEBAC agreement
- Includes salary increases that were provided in FY 2011 and fully recognized in FY2012
- Increase in salary expense due to furlough day savings in FY 2011 not continuing

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
- Grants and contracts revenues increase by 1.4%
- Full year of 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)
- Interns and Residents revenue increase of \$4.3m due to higher fees and expenses
- Increase in auxiliary revenue and other expenses related to increase in SOM & SODM contracts, higher capacity in Creative Child Care services and Paramedic cost recovery
- Repairs & maintenance increase due to ISS custodial services, clinical engineering and the DaVinci robot maintenance agreement

University of Connecticut Health Center
Consolidated Statement of Revenues and Expenses
Fiscal Year 2011 Projected Actuals & Fiscal Year 2012 Proposed Budget

	Fiscal Year 2011	Fiscal Year 2012	FY 2011 Proj. Actual vs FY 2012 Proposed Budget	
	Projected Actuals	Proposed Budget	Variance	Percent Variance
Revenues:				
Tuitions & Fees	\$ 17,268,031	\$ 18,480,875	\$ 1,212,844	7.0%
Federal Research Grants and Contracts	68,239,571	67,500,120	(739,451)	-1.1%
Non-Federal Research Grants and Contracts	17,110,816	19,053,152	1,942,336	11.4%
Interns and Residents	47,535,238	51,853,411	4,318,173	9.1%
Net Patient Care	335,813,408	351,802,702	15,989,294	4.8%
Correctional Managed Health Care	93,224,902	99,500,000	6,275,098	6.7%
Endowment/Foundation Income	2,447,801	2,215,054	(232,747)	-9.5%
Other Income	15,243,218	17,306,857	2,063,639	13.5%
Total Revenues	\$ 596,882,985	\$ 627,712,171	\$ 30,829,186	5.2%
Expenses:				
Personal Services	\$ 311,238,505	\$ 326,598,578	\$ 15,360,073	4.9%
Fringe Benefits	121,474,818	127,652,672	6,177,854	5.1%
Medical Contractual Support	16,066,582	16,172,375	105,793	0.7%
Medical/Dental House Staff	42,699,924	44,212,613	1,512,689	3.5%
Correctional Managed Health Care	93,228,431	99,500,000	6,271,569	6.7%
Outside Agency Per Diems	1,979,098	1,339,607	(639,491)	-32.3%
Drugs	17,006,035	17,351,534	345,499	2.0%
Medical Supplies	47,887,368	49,745,352	1,857,984	3.9%
Utilities	14,177,250	15,086,778	909,528	6.4%
Outside & Other Purchased Services	40,271,336	43,144,360	2,873,024	7.1%
Insurance	6,901,882	7,275,508	373,626	5.4%
Repairs & Maintenance	11,587,340	13,786,861	2,199,521	19.0%
Other Expenses	24,013,220	25,732,952	1,719,732	7.2%
Depreciation	29,009,366	29,619,542	610,176	2.1%
Total Expenses	\$ 777,541,155	\$ 817,218,732	\$ 39,677,577	5.1%
Excess/(Deficiency) of Revenues				
over Expenses Prior to State Appropriations	\$ (180,658,170)	\$ (189,506,561)	(8,848,391)	-4.9%
State Appropriation-Block Grant	119,346,347	123,515,400	4,169,053	3.5%
State Supported Fringe Benefits	51,014,349	52,544,779	1,530,430	3.0%
JDH Fringe Benefit Allotment	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency)	\$ 3,202,526	\$ 53,618	\$ (3,148,908)	-98.3%
Total State Support	183,860,696	189,560,179	5,699,483	3.1%
Percent of Total Revenues	23.55%	23.19%	-0.36%	-1.5%

University of Connecticut Health Center

FY 2012 Budget Assumptions - Clinical

Clinical - John Dempsey Hospital/Dental Clinics Assumptions

- Net Patient Revenue assumes a 5.3% increase, including the move of Dermatology to Hospital Provider Based
Volume increase of 2% Inpatient Discharges, Outpatient Equivalents no increases
Patient volume for Dental Clinics will increase mainly due to new GP3 Program concept
- Personal services and fringe benefits include Dermatology FTE's that are now charged to the Hospital
- Fringe Benefit Differential (per Approved Budget)
- Malpractice insurance based on historical payouts
- Medical/dental house staff expense reflects the expected wage increase (primarily Consortium)
- Assumes a reduction to outside agency due to budgeting at necessary staffing needs based on patient census
- Increase in Medical Supplies due to DaVinci instrumentation and estimated inflation increase
- Increase in other expenses related to nursing education and Magnet Status

Clinical - UConn Medical Group Assumptions

- Net Patient Revenue assumes a 4.4% increase (rate 2.2% and volume 2.9%) offset by the
Dermatology move to Hospital Provider Based
- Malpractice insurance based on historical payouts
- Drugs decrease due to savings from 340B pricing
- Clinical faculty recruitment in Urology, Musculoskeletal, Dermatology and Cancer Center (primarily to refill vacant positions)

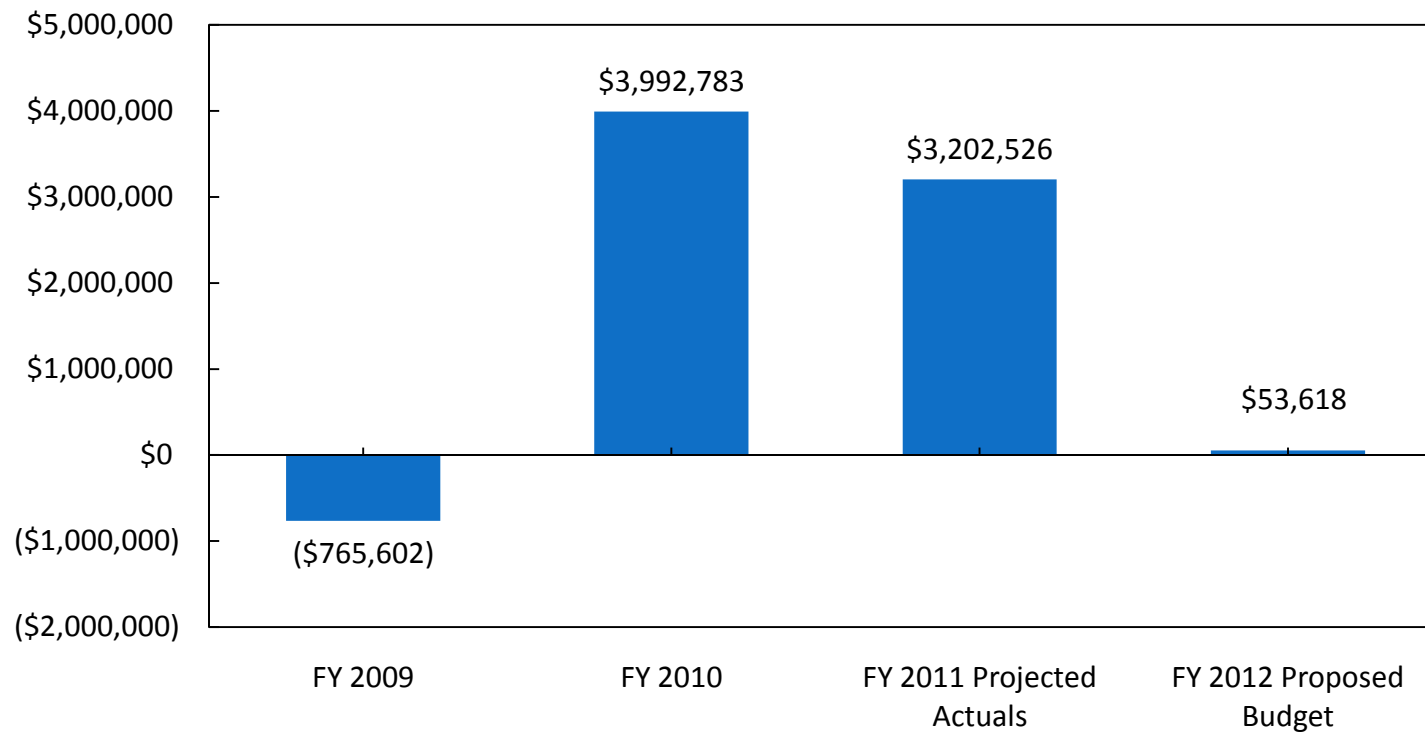
University of Connecticut Health Center-John Dempsey Hospital/Dental Clinics
Statement of Revenues and Expenses
Fiscal Year 2011 Projected Actuals & Fiscal Year 2012 Proposed Budget

	Fiscal Year 2011 Projected Actuals	Fiscal Year 2012 Proposed Budget	FY 2011 Projected Actuals vs FY 2012 Proposed Budget Variance	Percent Variance
<u>Revenues:</u>				
Net Patient Care	\$ 261,482,470	\$ 275,467,758	\$ 13,985,288	5.3%
Internal Income	1,954,926	2,227,990	273,064	14.0%
Endowment/Foundation Income	871	734	(137)	-15.7%
Other Income	2,038,993	2,364,405	325,412	16.0%
Total Revenues	265,515,758	280,093,747	14,577,989	5.5%
<u>Expenses:</u>				
Personal Services	93,760,586	99,861,651	6,101,065	6.5%
Fringe Benefits	41,344,032	43,455,994	2,111,962	5.1%
Medical Contractual Support	4,792,338	5,235,539	443,201	9.2%
Internal Contractual Support	17,220,939	18,120,855	899,916	5.2%
Medical/Dental House Staff	16,424,570	16,301,644	(122,926)	-0.7%
Outside Agency Per Diems	1,676,791	1,032,213	(644,578)	-38.4%
Drugs	14,944,667	15,691,145	746,478	5.0%
Medical Supplies	37,549,554	39,106,867	1,557,313	4.1%
Utilities	2,744,464	2,952,506	208,042	7.6%
Outside & Other Purchased Services	28,987,829	31,557,077	2,569,248	8.9%
Insurance	4,460,666	4,688,319	227,653	5.1%
Repairs & Maintenance	5,836,558	6,630,125	793,567	13.6%
Other Expenses	3,239,483	3,629,142	389,659	12.0%
Depreciation	9,600,186	9,897,724	297,538	3.1%
Total Expenses	282,582,663	298,160,801	15,578,138	5.5%
<u>Excess/(Deficiency) of Revenues over Expenses</u>	(17,066,905)	(18,067,054)	(1,000,149)	-5.9%
JDH Fringe Benefit Differential	13,500,000	13,500,000	-	0.0%
Excess/(Deficiency) of Revenue over Expenses	\$ (3,566,905)	\$ (4,567,054)	\$ (1,000,149)	28.0%

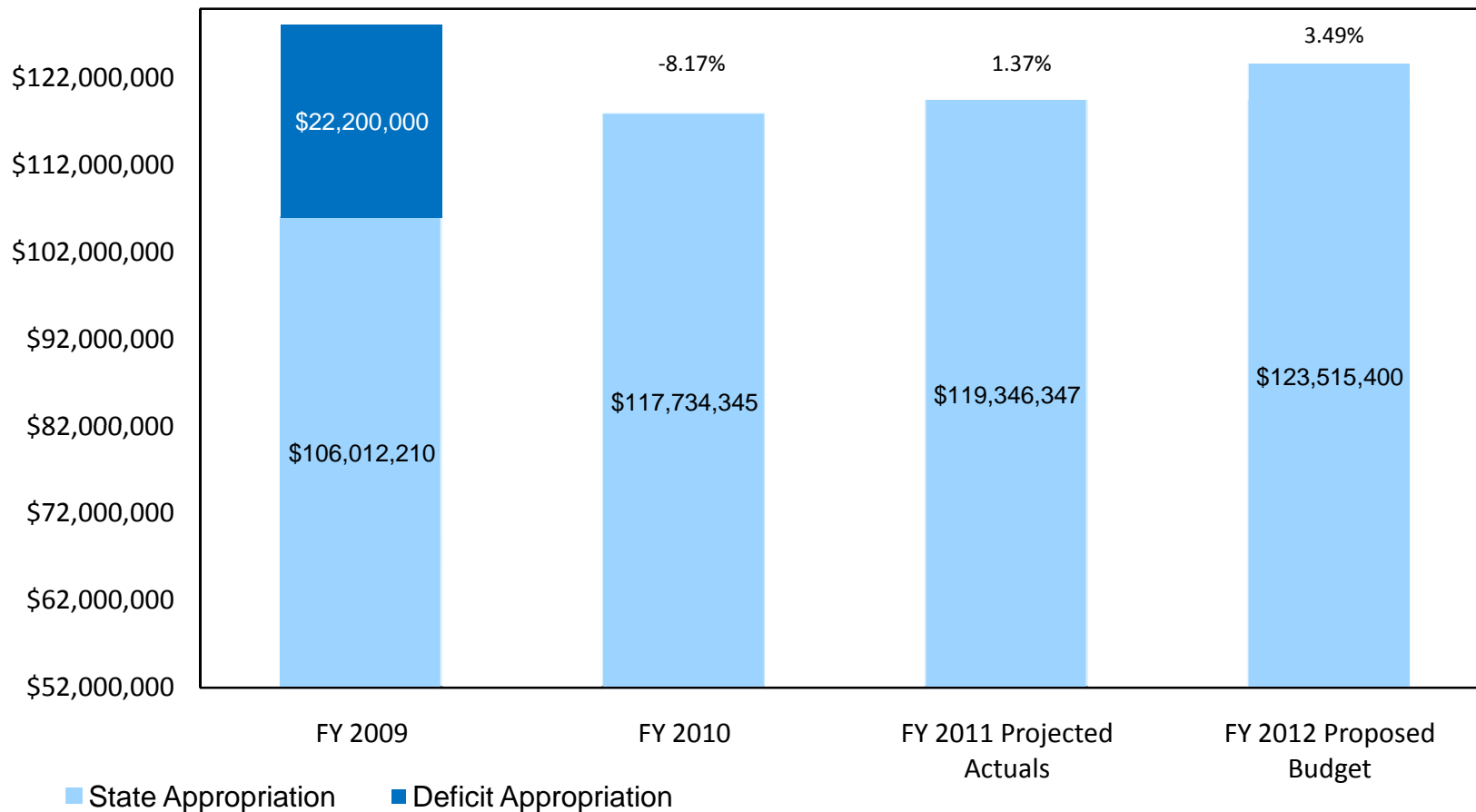
University of Connecticut Health Center - UConn Medical Group Statement of Revenue and Expenses Fiscal Year 2011 Projected Actuals & Fiscal Year 2012 Proposed Budget
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	Fiscal Year 2011 Projected Actuals	Fiscal Year 2012 Proposed Budget	FY 2011 Projected Actuals vs FY 2012 Proposed Budget Variance	Percent Variance
<u>REVENUES:</u>				
Net Patient Revenue	\$ 79,214,789	\$ 80,977,280	\$ 1,762,491	2.2%
Other Revenues	7,666,894	7,762,417	95,523	1.2%
Total Revenues	86,881,683	88,739,697	1,858,014	2.1%
<u>EXPENSES:</u>				
Personal Services	54,453,219	55,799,102	1,345,883	2.5%
Fringe Benefits	18,957,322	19,806,683	849,361	4.5%
Medical Contractual Support	7,558,109	7,440,579	(117,530)	-1.6%
Outside Agency Per Diems	220,712	240,786	20,074	9.1%
Drugs	1,830,891	1,478,814	(352,077)	-19.2%
Medical Supplies	1,287,730	1,186,202	(101,528)	-7.9%
Utilities	264,788	198,031	(66,757)	-25.2%
Outside & Other Purchased Services	10,932,863	10,180,874	(751,989)	-6.9%
Insurance	604,013	623,172	19,159	3.2%
Repairs & Maintenance	496,250	470,332	(25,918)	-5.2%
Other Expenses	795,484	820,429	24,945	3.1%
Depreciation	1,089,536	1,026,034	(63,502)	-5.8%
Total Expenses	98,490,917	99,271,038	780,121	0.8%
Excess/(Deficiency) of Revenues over Expenses	\$ (11,609,234)	\$ (10,531,341)	\$ 1,077,893	9.3%

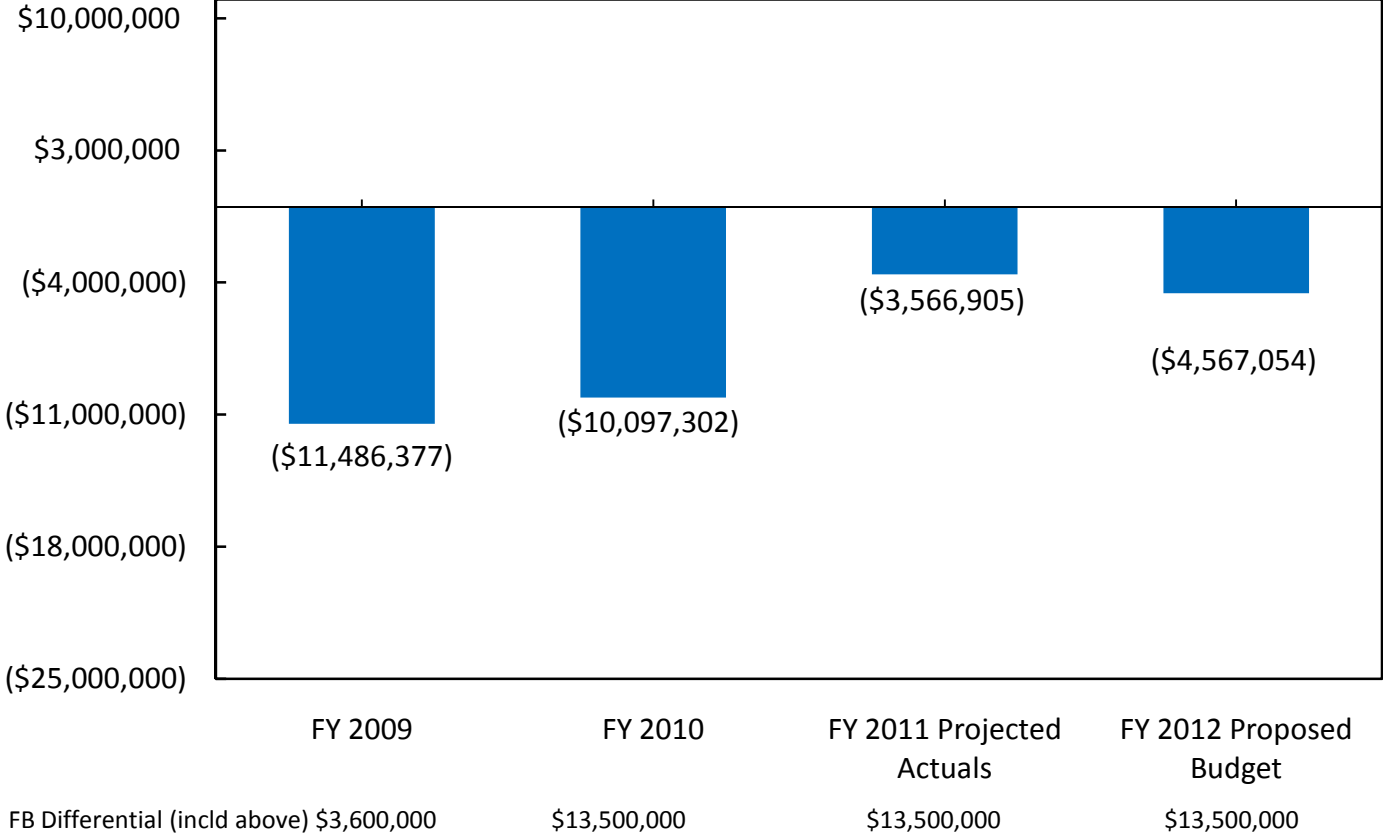
**University of Connecticut Health Center
Profit (Deficiency) By Fiscal Year**



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

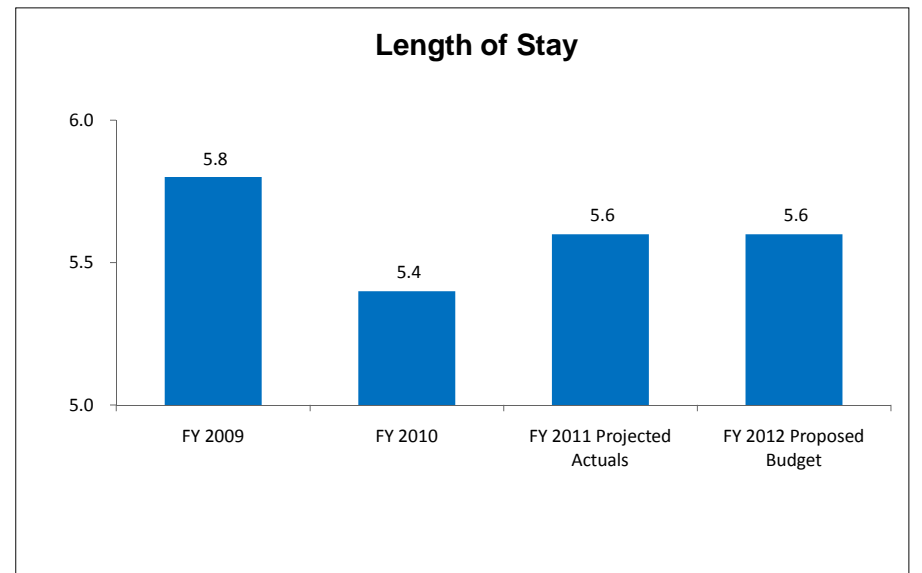
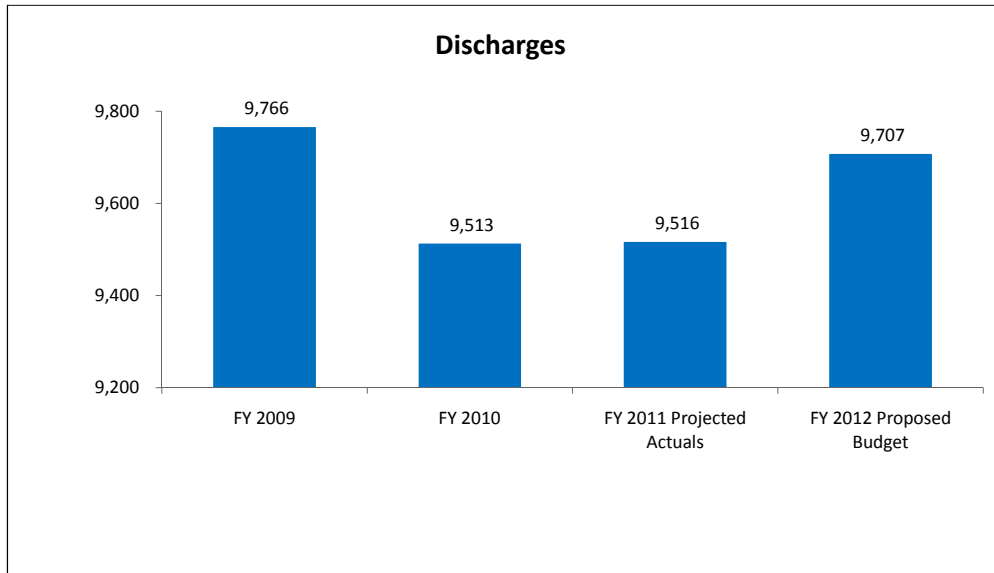
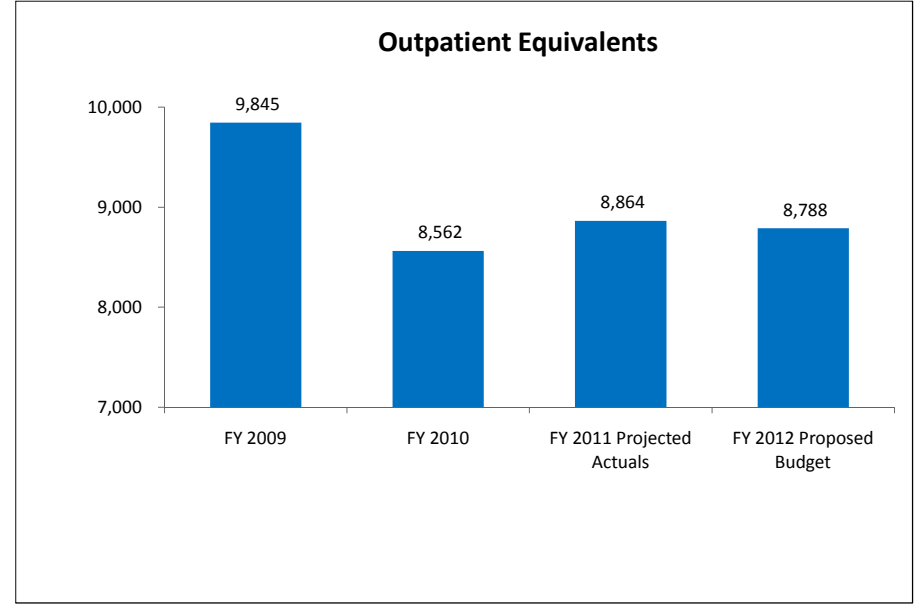
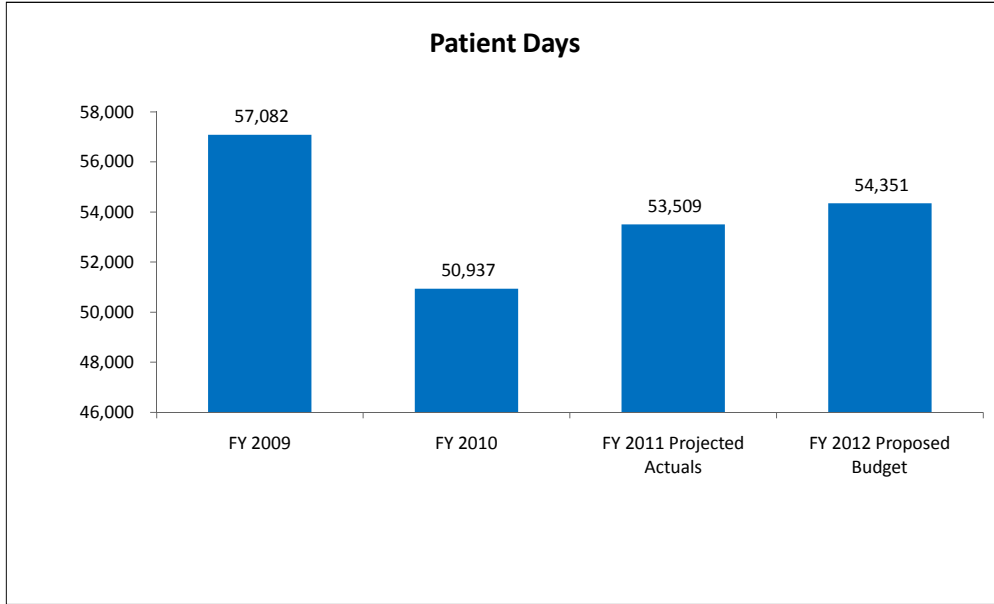


**John Dempsey Hospital/Dental Clinics
Deficiency by Fiscal Year**

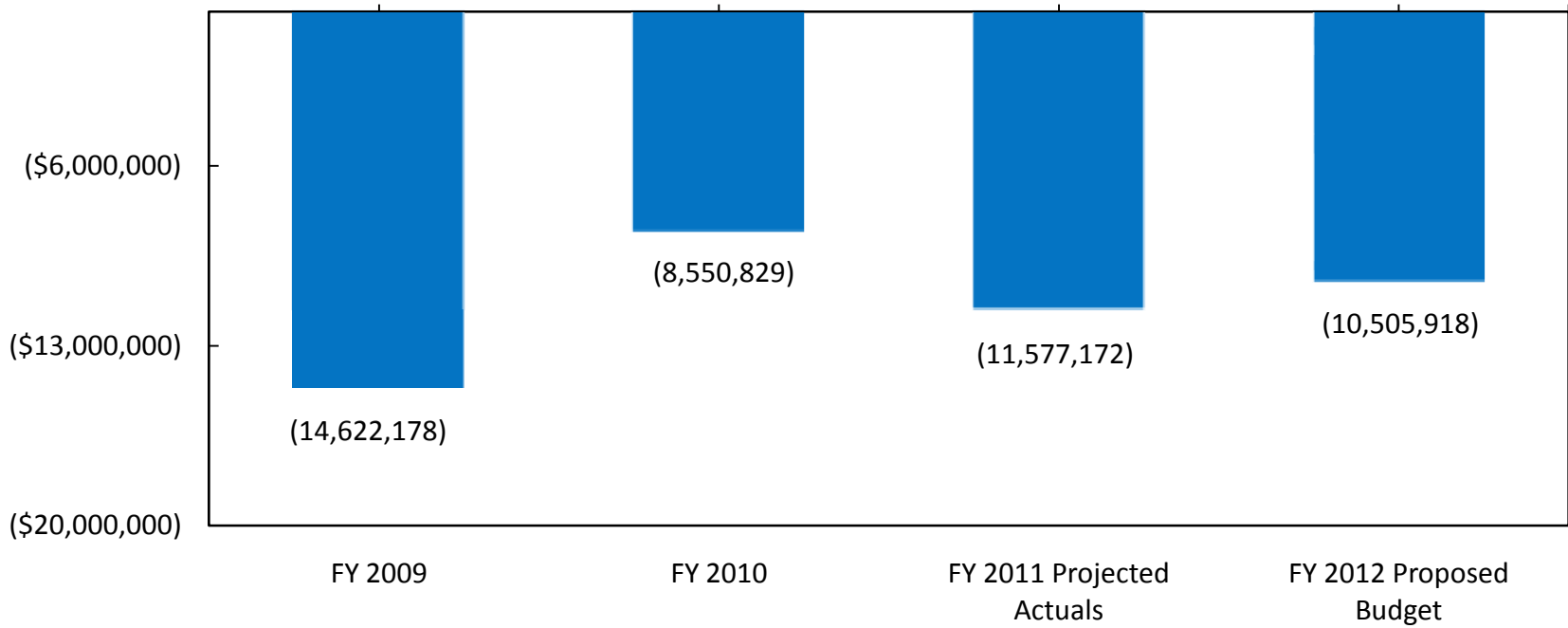


JOHN DEMPSEY HOSPITAL

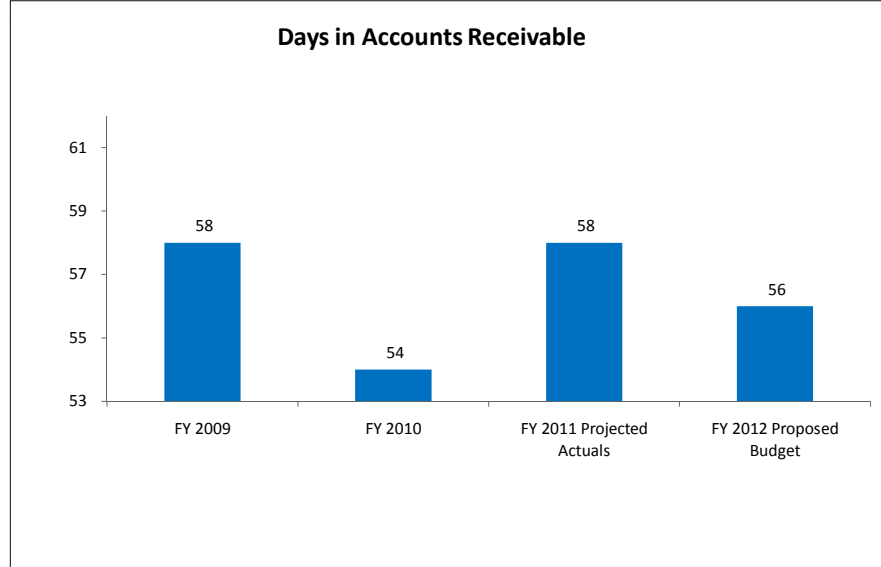
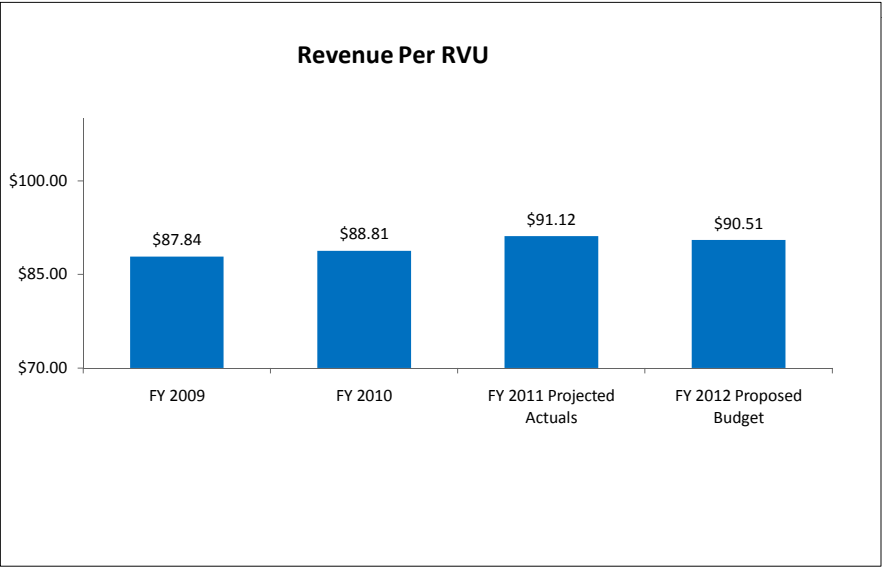
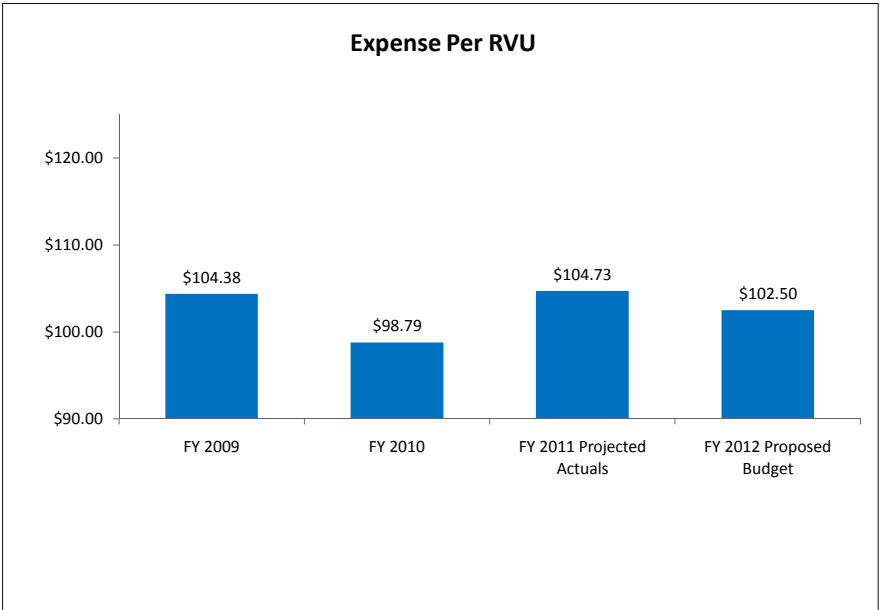
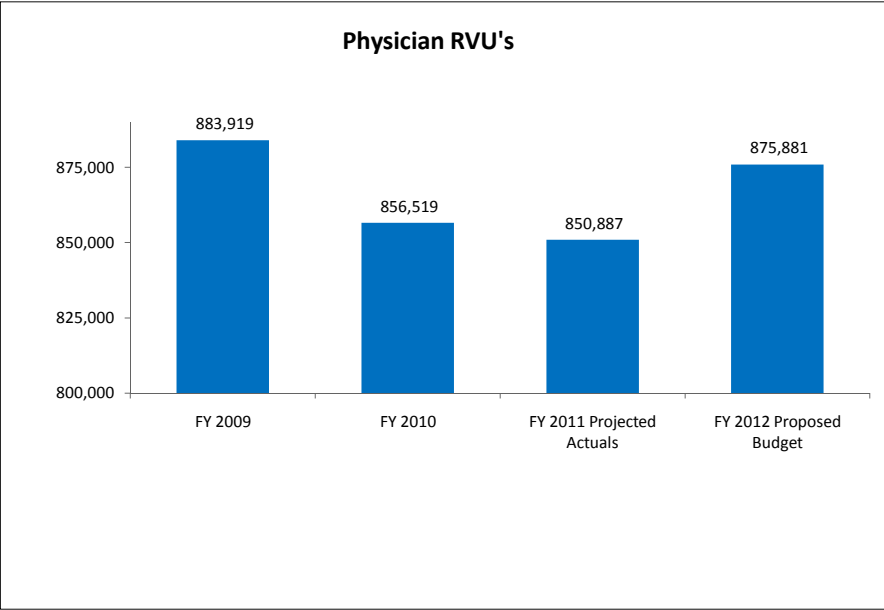
Statistical Graphs



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

