Appropriations Committee Testimony
February 14, 2013

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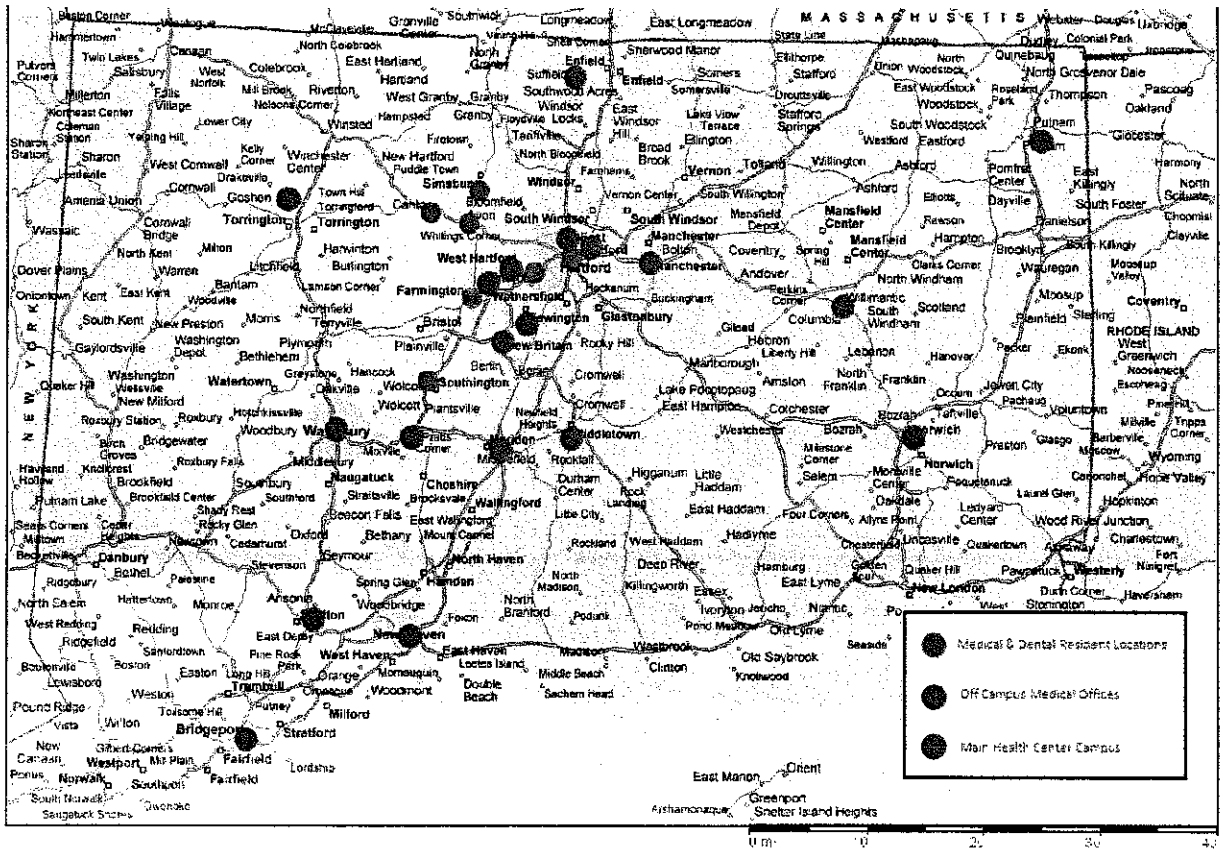
Executive Vice President for Health Affairs
Dean, UCONN School of Medicine
University of Connecticut Health Center

H.B. 6350 AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015, AND OTHER PROVISIONS RELATING TO REVENUE.

Senator Harp, Representative Walker, Senator Kane, Representative Miner and members of the Appropriations Committee—my name is Frank Torti, the Executive Vice President for Health Affairs at the University of Connecticut Health Center and Dean, UCONN School of Medicine. Thank you for the opportunity to speak this morning about the University of Connecticut Health Center's FY 14-15 appropriation.

As the state's only public academic medical center, we serve Connecticut through excellence in education, research, patient care and outreach to prevent disease, improve health and health care across the state. We are the state's primary source of new physicians and dentists; a key provider of vital health services to some of our most vulnerable citizens; and an engine of economic growth generating nearly $1 billion in Gross State Product each year. We touch every corner of CT. The map below gives you some sense of our reach:



It is an exciting time for UCONN Health Center. Bioscience Connecticut is groundbreaking legislation conceived by Governor Malloy and approved by the General Assembly in 2011.

First and foremost, I want to thank the legislature for all it has done to support the infrastructure piece of Bioscience CT – that is, the buildings that will house our new doctors and scientists and the expanded medical and dental school classes. Bioscience CT is already driving short-term economic activity through a surge of construction-related jobs. All projects are on time and on budget.

This year we embark on the programmatic initiatives of Bioscience Connecticut, including faculty recruitment and increases in medical and dental school class sizes. The governor and legislature expect these investments to generate long term, sustainable economic growth based on bioscience research, innovation, entrepreneurship and commercialization— and to address critical shortages of health care providers.

Our collaboration with Jackson Laboratory is also advancing. Jackson scientists are on site working out of space on the Health Center's campus, and construction of their facility began in January.

My comments today provide you with some background, but more importantly focus on the importance to Connecticut of completing critical investments in your Health Center.

PART I: BACKGROUND

The Health Center receives 21% of its operating budget from the state. The remaining 79% is generated from clinical revenues, research grants, tuition and fees, and philanthropy.

The principles upon which the Health Center operates are simple:

- **Care and Compassion:** The patient comes first, and the patient is the center of our education, research and teaching missions.
- **Distinction:** We will foster an environment of insatiable discovery in our research endeavors.
- **Stewardship:** We will engage students as partners in discovery and innovation.
- **Community:** We will serve all the citizens of Connecticut, paying special attention to the poor and underserved.

The Schools

By way of background for those of you new to this Committee, the UCONN Health Center is comprised of the Schools of Medicine (SOM) and Dental Medicine (SDM), as well as the Graduate School in Biomedical Sciences with 846 students across all schools. The UCONN Health Center operates The University of Connecticut John Dempsey Hospital which is the only public tertiary care hospital in the state.

Our Medical and Dental School graduates, as well as our residency program that is shared with our affiliated hospitals, represent the single major source of physicians and dentists who practice in CT. Nearly 40% of our residents continue their practice in the state. And our over 700 residents bring more than $90M of federal revenues into the state to us and our affiliated hospitals.

Of great importance to the state and its economic development, the UCONN Health Center faculty of clinicians and researchers attracted over $80M in external research funding last fiscal year—most of it brought in from outside the state.

Health Equity and Public Health

UCONN Health Center strives to understand and improve health disparities across our state. The Health Disparities Institute, a key element of Bioscience CT, has been established and recruitment of an Executive Director is underway. Dr. Jewel Mullen and I co-chair the governing committee of the Institute. The Health Disparities Institute will enhance the delivery of care to minority and medically underserved populations in the state.

An important part of our public mission is to provide clinical services to the under- and uninsured. While many of Connecticut's private practice physicians typically accept a limited number of Medicaid patients, Medicaid patients in our inpatient and outpatient medical practices grew substantially in FY12. For inpatients, nearly 30% of our total patients days in FY12 were Medicaid—the third highest percentage in the state behind Connecticut Children's and Yale. 68% of dental visits were by Medicaid patients. In FY12, the total loss to the Health Center's operations for providing inpatient and outpatient services to Medicaid patients was $15.6M. Since I arrived 9 months ago, I have worked closely in a partnership with Commissioner Bremby, assigning our public heath faculty to help find ways to reduce the cost of Medicaid to the state.

In FY12, our providers delivered over 1,020,000 patient care (medical and dental) visits in 27 community sites, including clinics and federally qualified health centers in Hartford, New Britain, East Hartford, West Hartford, Farmington, Avon, Canton, Simsbury, Southington, Manchester, Waterbury, Norwich, New Haven, Derby, Willimantic, Putnam, Bridgeport and Torrington. Our medical students examine and provide care to patients at the South Park Inn Medical Clinic in Hartford and Covenant House in Willimantic.

PART II: FY14-15 BUDGET PROPOSAL AND JUSTIFICATION

The Health Center's ability to deliver on the promise of Bioscience CT is predicated on this programmatic funding that is now before you as a recommendation from the Governor. Nothing has changed in the plan since it was conceived by the Governor and legislature in 2011. This recommendation provides the operating support that will enable the Health Center to recruit additional basic and clinical/translational scientists who will increase our research awards and create new drugs, new medical devices and companies located in Connecticut. They will also provide the essential teaching capacity for the medical and dental school class expansion.

The proposed block grant for the Health Center is $194.6M in FY14 and $208M in FY15; it maintains the Governor's commitment to Bioscience Connecticut and reinforces his and the General Assembly's goal to revitalize the state's economy. These funds will allow us to recruit 19 clinical and translational science faculty in FY14 and an additional 18 in FY15.

Some details: Please understand that by far the largest element of the bottom line increase compared to past appropriations is an accounting change. The in-kind fringe benefits of $71.6M in FY14 and $74.6M in FY15 have been transferred from the state Comptroller's budget to the Health Center's block grant. The Governor's budget also

proposes $6.4M in FY14 and $2M in FY15 of additional UCONN 2000 Bond funds for capital equipment for the new Bioscience Connecticut faculty and important deferred maintenance. In addition, the proposal includes $500,000 from the Tobacco and Health Trust Fund for the Connecticut Health Information Network and $200,000 from this fund to the Department of Social Services to support The University of Connecticut – Medicaid Partnership.

The proposal also carries cuts to current operations similar to many state agencies. The Governor's proposal carries forward the $4.1M cut we received as part of this year's FY13 deficit mitigation plan and the $25,000 annual reduction to the AHEC budget. We received an additional $420,000 cut targeted to Fire Department Operations and a $1.5M decrease in operating fund support for both years. These cuts result in approximately a 5% cut to the block grant. Additionally, the John Dempsey Hospital was cut $487,000 in reimbursement payments for patient services in both FY14 and FY15.

We know that the investments in Bioscience will not produce instantaneous results. And, we must manage our current operating deficit. We will. We have already identified savings to address a nearly $10M budget variance due to decreased patient care revenues and reductions incurred in the December deficit mitigation plan.

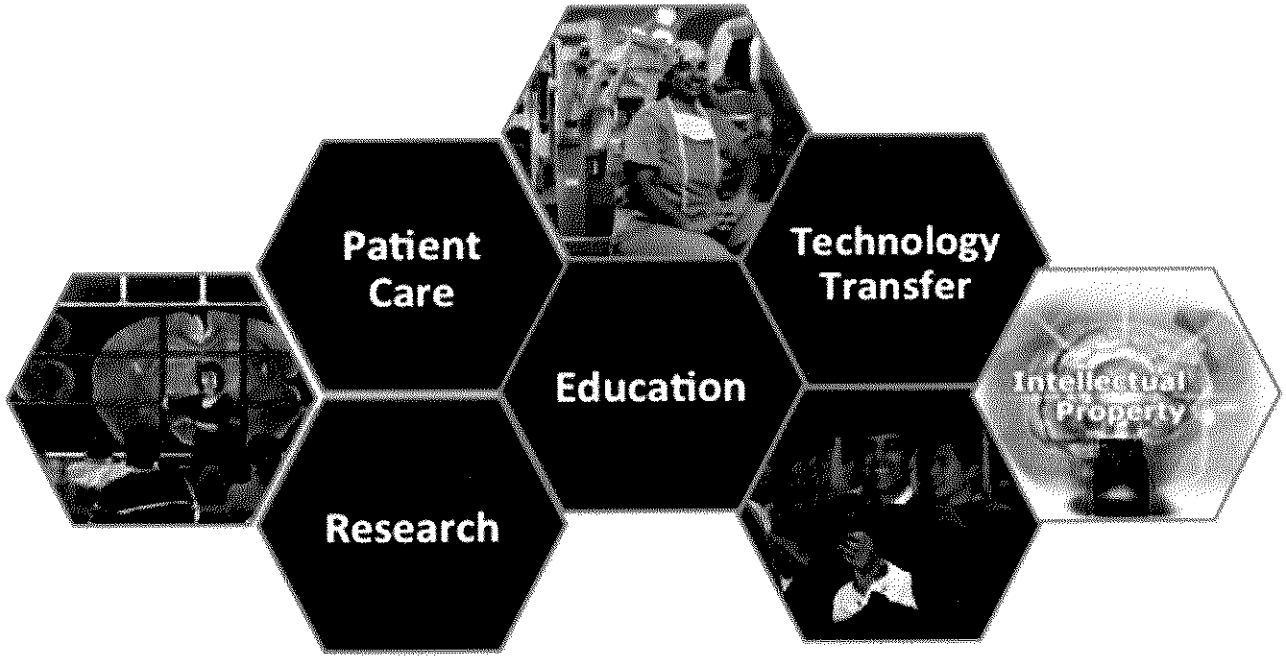
We urge that you maintain the Governor's proposed level of funding to the Health Center. It is vital to fulfilling the vision of the Governor and the General Assembly to innovate and translate medical science into jobs and economic growth, to provide care for our neediest citizens, and to expand medical and dental classes to support better health for Connecticut. We have performed detailed analysis of revenues needed to support the new infrastructure you have provided. Our analysis, shared with OPM, shows that even at 75% of the Governor's recommended funding, the Health Center will run at a chronic deficit.

We appreciate the challenging fiscal environment Connecticut confronts. In making these important decisions, I would respectfully ask you to consider the unique, one time opportunity to transform healthcare for all citizens here and create permanent, quality jobs in Connecticut.

Thank you.

University of Connecticut Health Center

February 2013



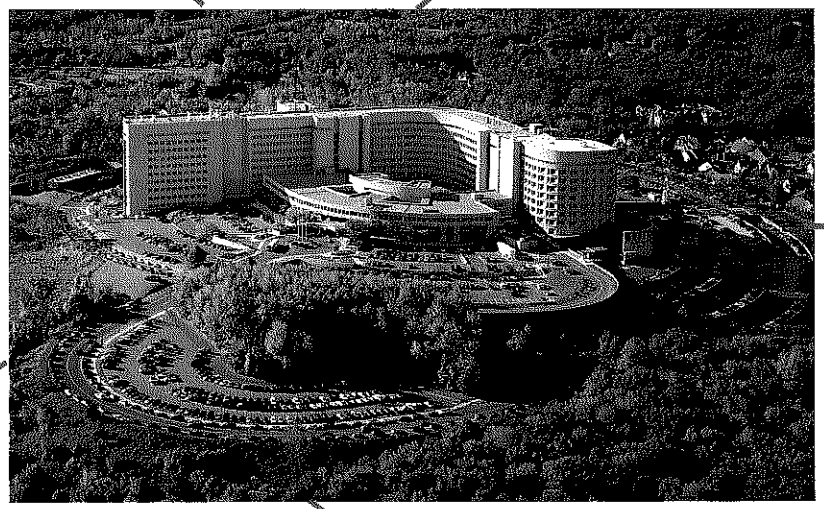
UConn Health Center

Bioscience Connecticut

Connecticut's Only Public Academic Health Center

Schools
School of Medicine
School of Dental Medicine
Graduate School of
Biomedical Sciences

Patient Care
John Dempsey Hospital
University Dentists
University Medical Group



Translational Research, Innovation & Commercial-ization

Residency Training
Graduate Medical
Education

Population Health and Public Health
MPH program
CT Health Information Network
Health Disparities Institute
Center for Public Health & Health Policy

Jobs, Economic Growth, Innovation

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UCONN Health Center

A Critical source of the State's health care professionals

- 35% of School of Medicine graduates, 51% of School of Dental Medicine graduates and 40% of medical residents practice in the State
- CT residents comprise 84% of the School of Medicine for the entering class of 2012
- Minority enrollment in both schools is at or above the national average

An Economic driver for the region and state

- Catalyst for new biomedical and biotech jobs, e.g. stem cell, genomics, personalized medicine, drug and device development
- Generates nearly $1 billion in Gross State Product
- State-of-the-art lab incubator space for small startup companies

A Major Employer:

- 5224 employees from every county in the state

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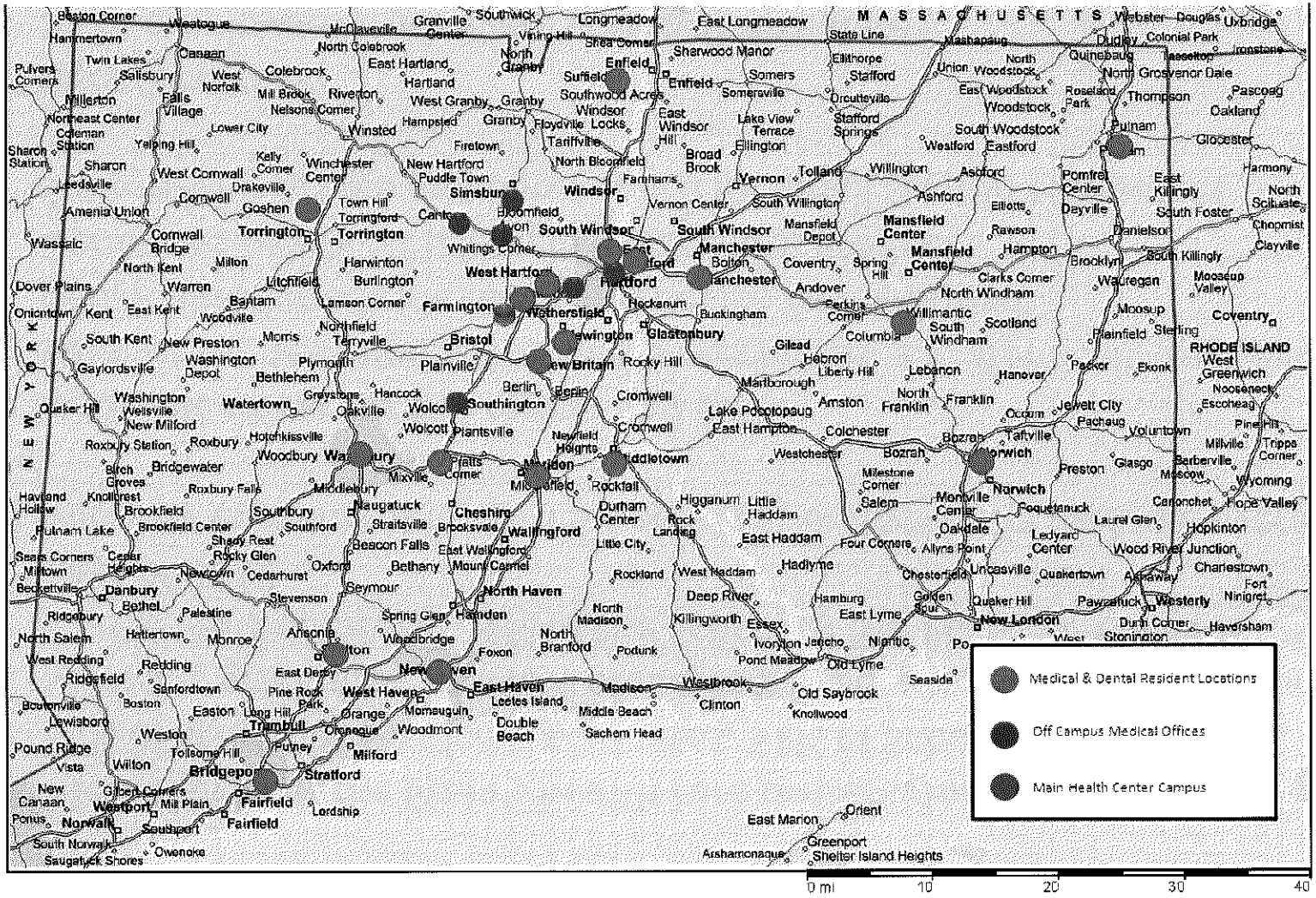
Presence Across Connecticut



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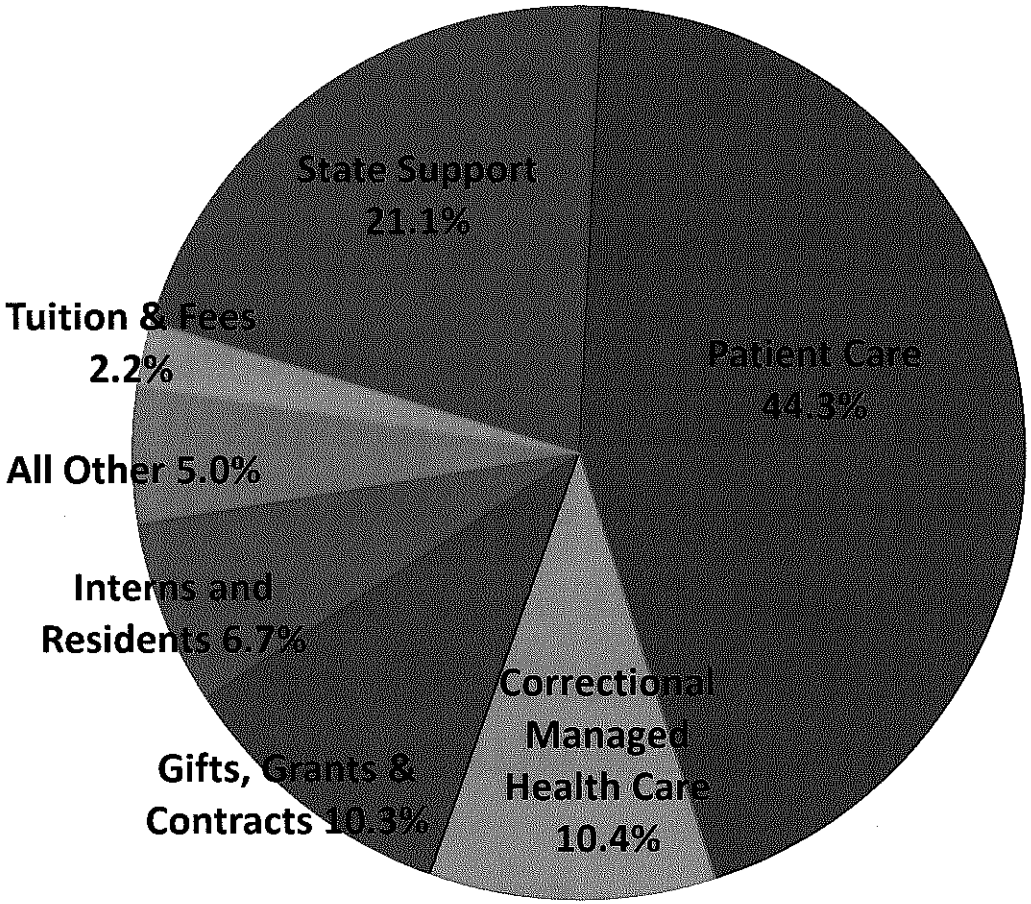
Guiding Values

- **Care and Compassion:** The patient comes first, and the patient is the center of our education, research and teaching missions.
- **Distinction:** We will foster an environment of insatiable discovery in our research endeavors.
- **Stewardship:** We will engage students as partners in discovery and innovation.
- **Community:** We will serve all the citizens of CT, paying special attention to the poor and underserved.

FY13 Revenue Budget: $825M

- 21.1% of the Health Center budget is State supported
- 78.9% comes from other revenues (clinical, research, tuition, philanthropy)



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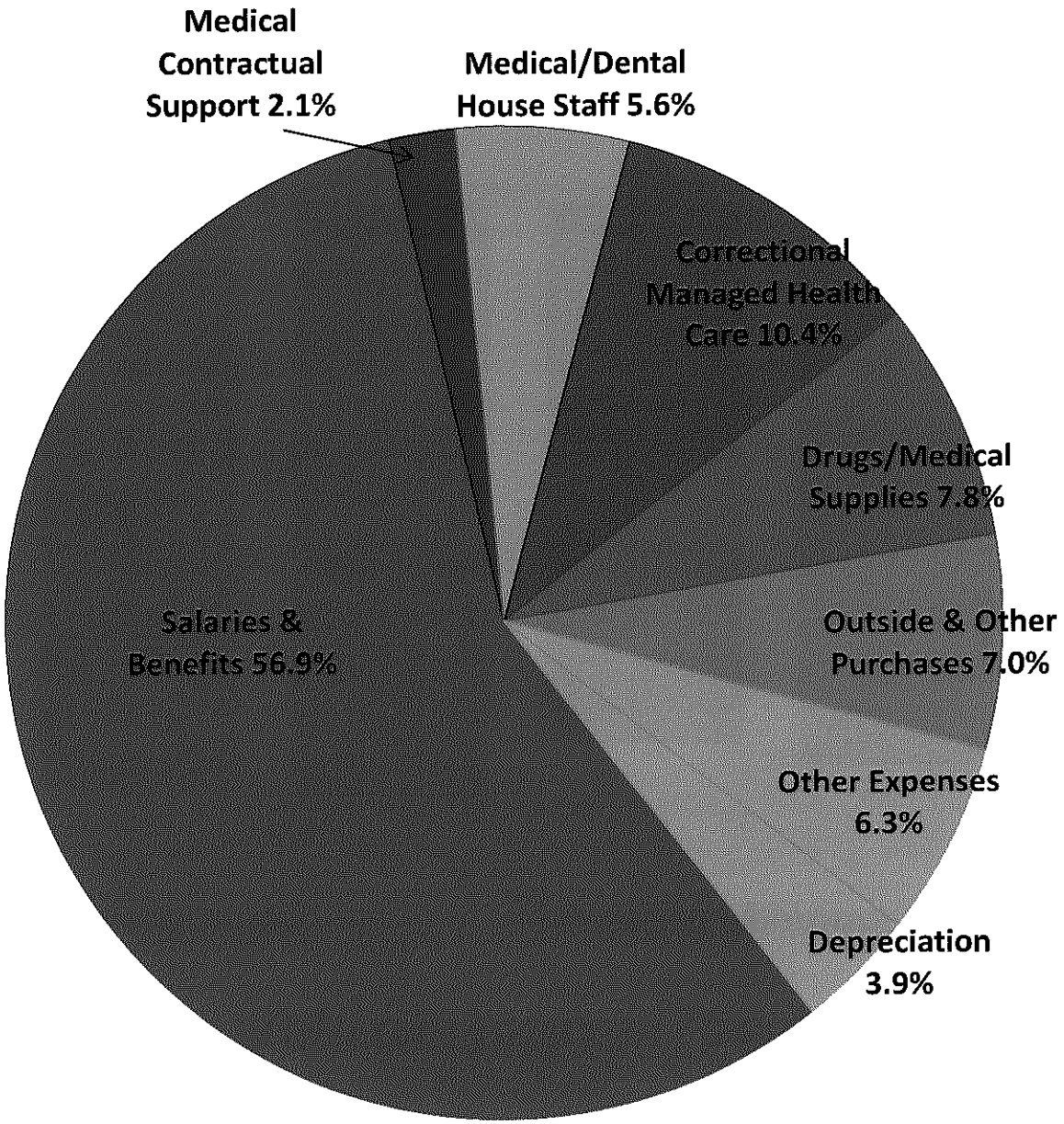
FY13 Expenditure Budget: $825M



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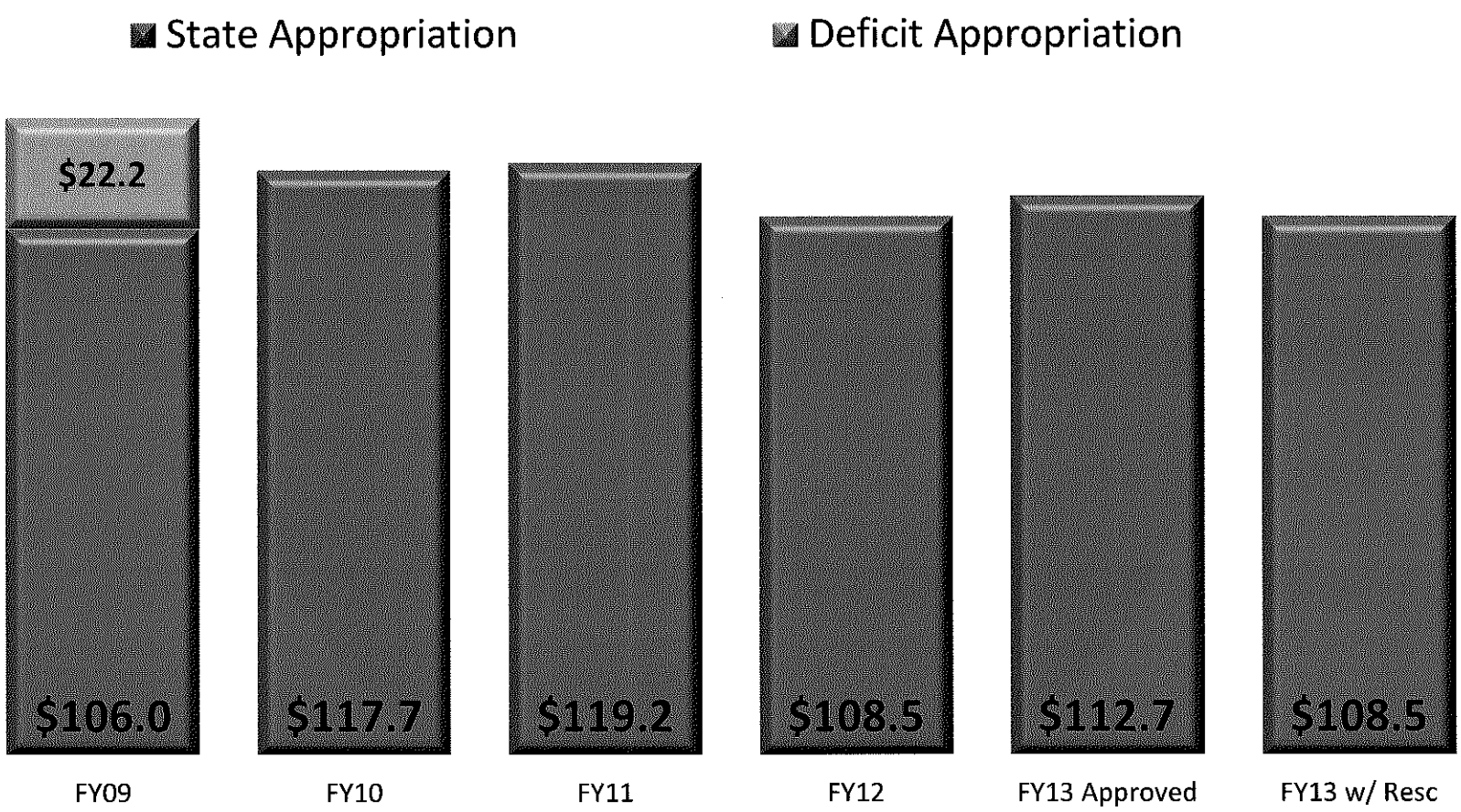
History of State Appropriations ($M)



Not adjusted to account for $20M transferred from the UCHC Medical Malpractice Trust Fund to the General Fund in FY10 and FY11.

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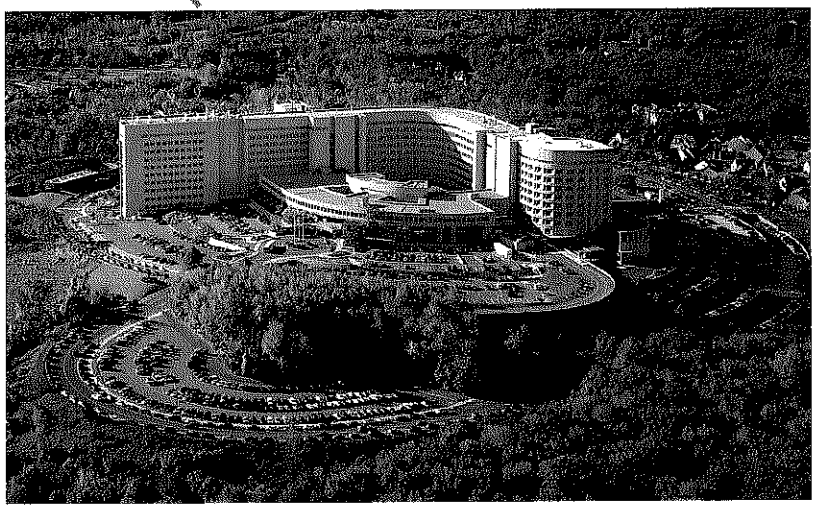
3 Schools:

School of Medicine
School of Dental Medicine
Graduate School of
Biomedical Sciences



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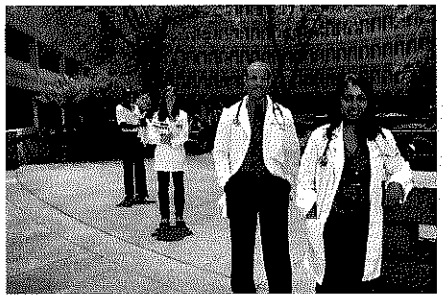
School of Medicine

359 Students



Key Strengths		
Basic & Public Health Research	**Clinical & Translational Research & Care**	**Education**
Cell analysis & modeling	Musculoskeletal disease	Shared medical & dental curriculum in yrs. 1-2
Stem cells	Aging	Early clinical exposure
Genomics	Stroke	Team-based learning
Immunology	Cancer	Minority enrollment
Health equity	Cardiac disease	GME leadership
Care delivery	Alcohol & tobacco research	Community partnerships

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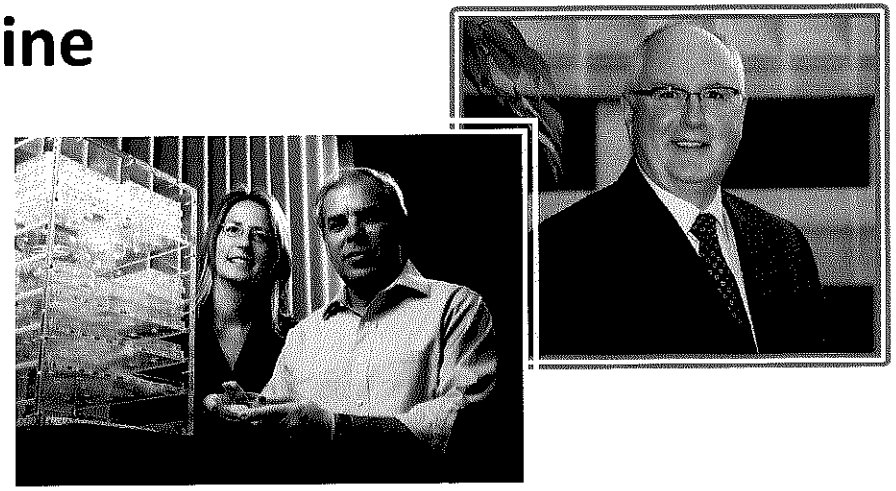
School of Dental Medicine

169 Students



Key Strengths		
Basic Research	**Clinical & Translational Research & Care**	**Education**
Regenerative medicine Skeletal biology	Major provider to CT's underserved	Shared medical & dental curriculum in yrs. 1-2
Inflammation	Oral linkage to systemic diseases	Outstanding national boards performance
	Health disparities	Community outreach
	Oral cancer	Team-based learning
	Biomaterials	
	Dental implant technology	

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The Graduate School

157 PhD Students
161 Masters Students

Programs				
Biomedical Science (PhD)	**Public Health (PhD, MPH)**	**Clinical & Translational Research (MS-CTR)**	**Dental Science (MDS)**	**Combined Degree Programs**
Cell analysis & modeling	Social & behavioral health	Cancer	Masters Degree	**MD**: MD/ PhD, MD/ MPH, MD/MS-CTR, MD/MBA
Genetics & developmental biology	Occupational & environmental health	Microbial pathogenesis		**DMD:** DMD/PhD, DMD/MPH, DMD/MS-CTR,DMD/MBA
Cell biology		Neuroscience		
Immunology		Vascular biology		**PhD**: PhD/MBA, PhD/MS-CTR
Molecular bio & chemistry				
Neuroscience				
Skeletal, cranio, oral Biology				

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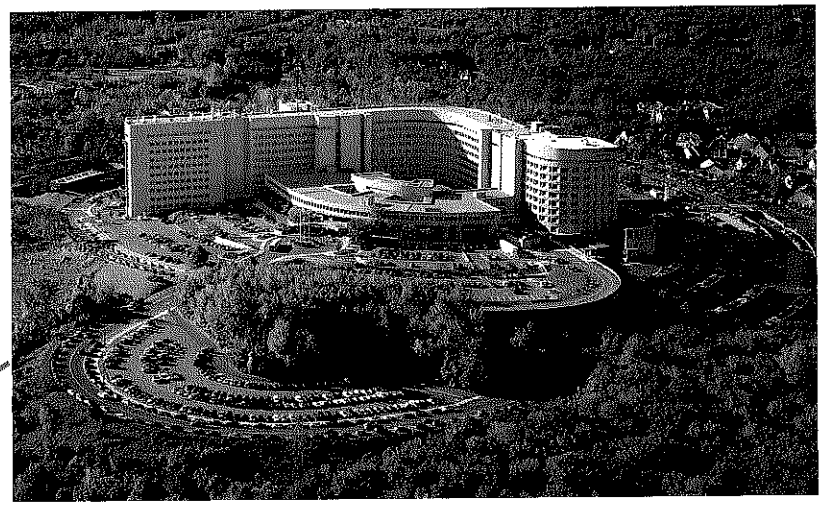

Residency Training
Graduate Medical Education

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Partner and Resource to Other Hospitals

- 718 residents (618 medical and 100 dental) who train and provide patient care in local hospital, dozens of community settings in more than 20 communities across the state
- 52 UConn Medical Internship/Residency Programs contribute to the quality of healthcare service in the participating hospitals and also drive additional Medicare reimbursement revenues at affiliated hospitals:

Hospitals FY 11	Graduate Medical Education & Indirect Medical Education Reimbursement
CT Children's	$2.8M
Hartford Hospital	$40.1M
Hospital of Central Connecticut	$7.4M
John Dempsey Hospital	$20.9M
St. Francis Hospital	$27.1M
TOTAL	**$98.3M**

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Patient Care
John Dempsey Hospital
University Dentists
University Medical Group

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Clinical Services/Patient Care

KEY SERVICE STATISTICS (FY12)

- 8,580 inpatient admissions
- 880,225 outpatient visits
- 94,908 dental clinic visits

All UCONN Health Center clinical care venues serve as sites for teaching and learning and are essential for attracting talented faculty who teach, do research and provide patient care.

- **John Dempsey Hospital (JDH):** an acute care, university teaching hospital licensed for 234 beds.
- **UConn Medical Group (UMG):** the region's largest multi-specialty faculty clinical group practice
- **University Dentists and UConn Dental Clinics:** CT's single largest provider of dental care for the under and uninsured

Opened in 1975, JDH is the only public, acute care hospital in CT and the 2nd smallest academic health center hospital in the U.S.; originally planned as 400 beds, JDH was built at 200 beds. The 2nd tower was never built.

Licensed at 234 beds, of which 184 are currently staffed (50 medical/surgical beds will come on-line upon completion of new hospital tower), 65 are very specialized (Correctional, Psychiatry, Maternity), 119 are medical/surgical (flexible) beds, and home to 40 NICU beds licensed by Connecticut Children's Medical Center.

Faces same challenges as the state's other 30 acute care hospitals: Medicaid/Medicare cutbacks, uncompensated care, declining reimbursement rates, nursing and other health care professional shortages and an intensely competitive marketplace.

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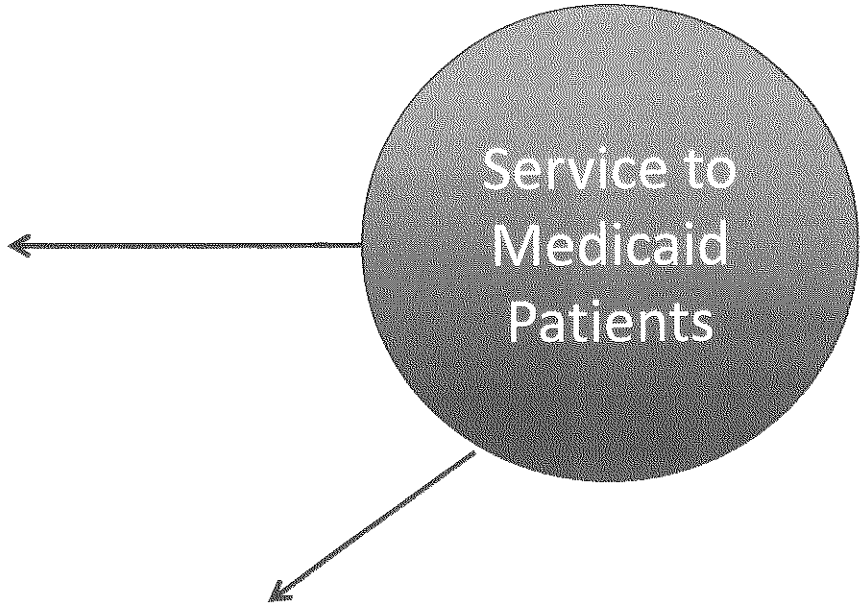
An Essential Healthcare Provider to Connecticut's Underserved Citizens

MEDICAL SERVICES

- Ranks among the top 3 hospitals in the state in Medicaid inpatient days as a percentage of total inpatient days at (nearly 30%)
- Disproportionate share hospital for Medicaid and Medicare (1 of only 5 in state)



DENTAL SERVICES

- Single largest provider of dental services to Medicaid recipients & the under/uninsured
- 68.3% of patient visits to the UCONN dental clinics are Medicaid clients (Farmington, Burgdorf Clinic, Connecticut Children's Medical Center, and CONNcept in West Hartford)
- Services are provided in 21 community sites across the state (Hartford, New Britain, East Hartford, Manchester, Waterbury, Norwich, New Haven, Derby, Willimantic, Putnam, Bridgeport, and Torrington) (49,387 Total visits)

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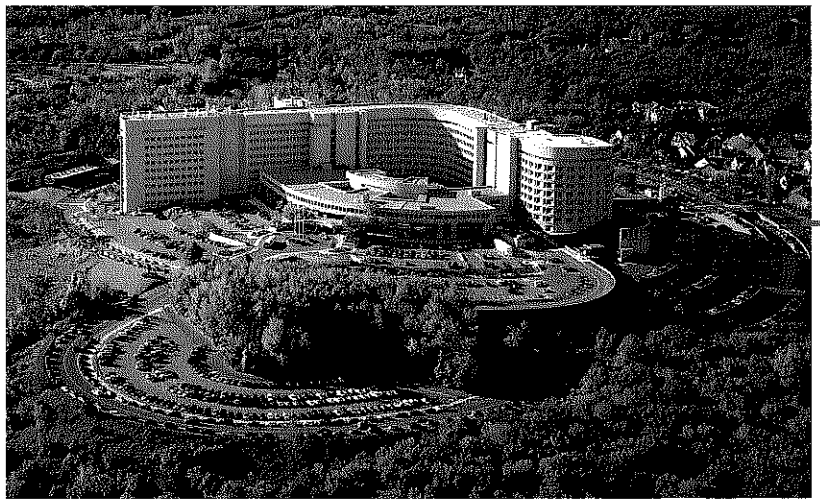

Translational Research, Innovation & Commercial-ization

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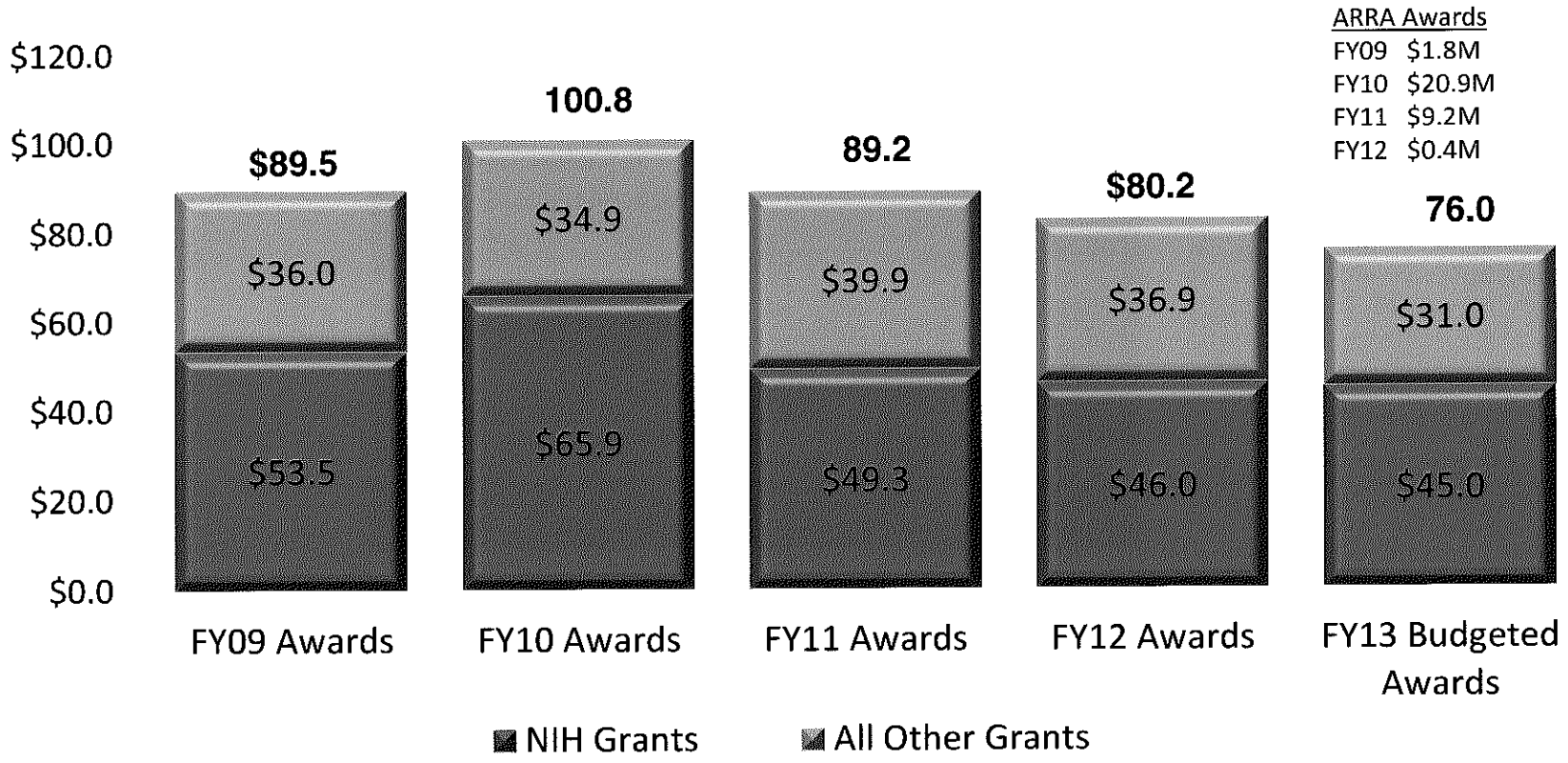
Biomedical Science and Research– Leads to Innovation

$80M in federal and other research grants for discovery and innovation to improve patient health and outcomes (e.g. Stem Cell research, cancer vaccines, hormone therapies, biomaterials, biomedical devices and personalized medicine). Research also drives innovation, new startup companies and creates jobs. 99 patents awarded to UCONN Health Center researchers since 1980.



Note: This graph includes the full grant amount in the year the grant is awarded (even if the award is a multi-year award). (Awards exclude gifts)

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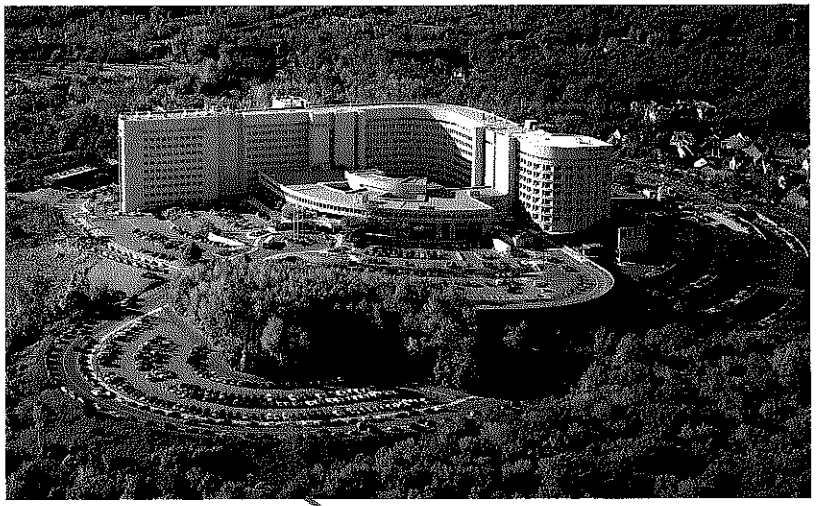

Population Health and Public Health
MPH program
CT Health Information Network
Health Disparities Institute
Center for Public Health & Health Policy

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A Resource to the Community and the State

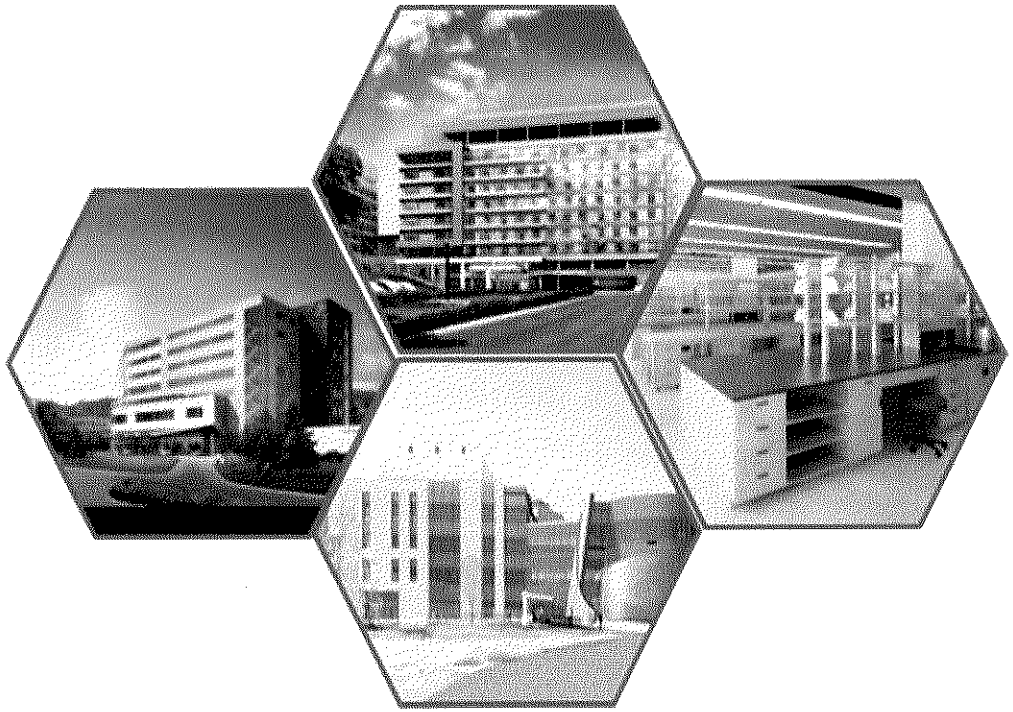
Community Service: UConn physicians, dentists, residents, medical and dental students provide thousands of hours of free healthcare to Connecticut's most medically vulnerable citizens, for example:

- Migrant Farm Worker Clinic
- South Park Inn Medical Clinic (Hartford)
- South Marshall Street Homeless Clinic (Hartford)
- YMCA Adolescent Girls Medical Clinic (Hartford)
- Camp Courant Dental Screening Program
- Covenant House (Willimantic)

Building and Developing the Healthcare Provider Pipeline: Initiatives to grow the number of under-represented minorities enrolled in healthcare education and increase the number of healthcare professionals practicing in urban settings and other areas across the state:

- AETNA Health Professions Partnership Initiative
- Area Health Education Center program (AHEC), located in Farmington with four regional centers in Bridgeport, Hartford, Norwich and Waterbury
- Urban Service Track

Bioscience Connecticut



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Jobs, Economic Growth, Innovation

Bioscience Connecticut: PA 11-75

Goal: To help jumpstart Connecticut's economy by creating jobs now and by generating long-term economic growth, and to increase access to quality health care. Both goals can be achieved by making Connecticut a leader in bioscience.

Objectives: Provide new strategic investment and recast existing commitments to:

- Create 3,000 construction related jobs annually through 2018.*
- Generate $4.6 billion increase in personal income and generate 16,400 jobs by 2037.
- Double federal and industry research grants to drive discovery, innovation and commercialization.
- Increase access to high quality health care.
- Graduate and retain more physicians and dentists to meet forecasted workforce shortage and meet increased demand for health care services resulting from health care reform and an aging population.

*This legislative initiative is aimed at job creation for Connecticut and better health care for **all** citizens of the state.*

** According to estimates from a 2011 study by the Connecticut Center for Economic Analysis.*

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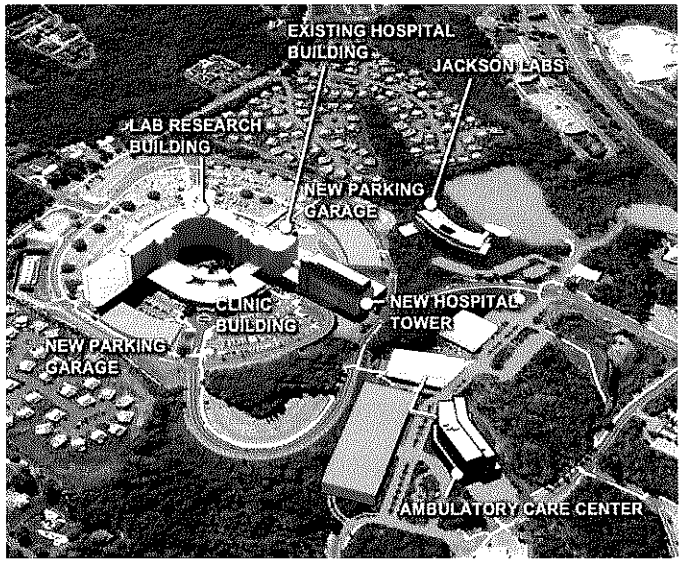
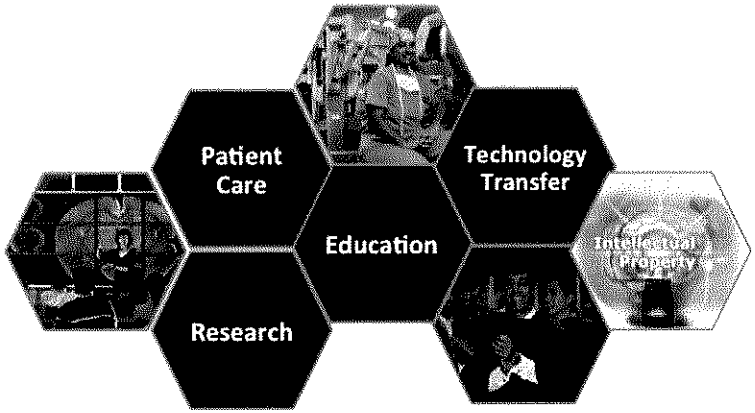
Bioscience Connecticut

Facilities and Infrastructure



- On-Track, On-Budget
- Construction Industry Benefits

Programs and People



- Essential to success of BSC
- Sustainable economic benefits

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Facilities and Infrastructure

- Construction Jobs
  - 36,569 hours worked through November
  - For November, 69 FTE hours **on site**
  - 1st phase of Hospital Construction: 16 of 17 construction sub-contracts awarded to CT companies
- Small/Minority Participation

HOSPITAL CONSTRUCTION	REQUIREMENT	CURRENT
Small Businesses	25%	**39%**
Minority/Women's/ Disadvantaged Businesses	6.25%	**18.4%**

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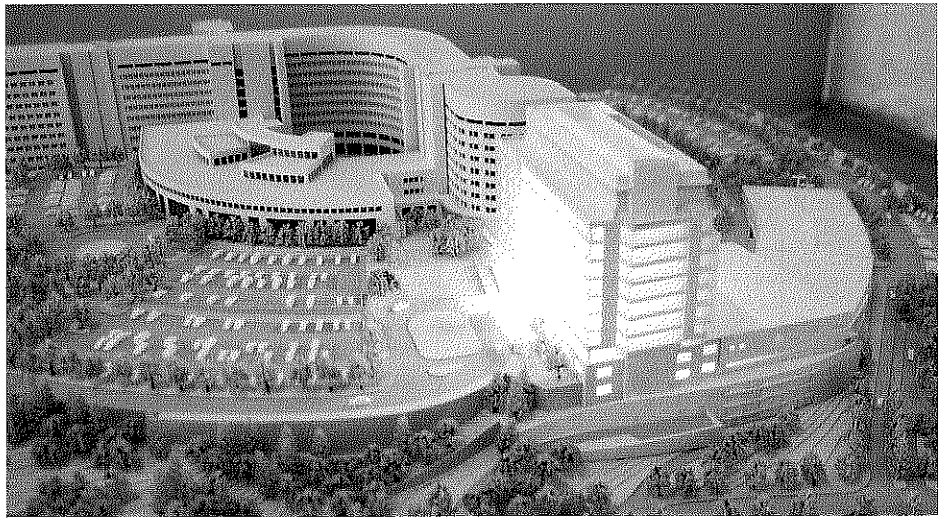
New Hospital Tower

- 169 private rooms
- New and expanded Emergency Department
- Expected completion: late 2015



Research Space Renovation

- Renovation of 238,000 sq. ft. of existing research facilities
- Two Projects – 6 phases (Completion in 2017)
- 28,000 sq. ft. incubator lab addition to Cell & Genome Sciences Building (CGSB) to foster new business start-ups

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Education Construction

- Allows for class size expansion
- Responds to needs of new curriculum
- Addition and renovations to Academic building
- Planning and construction 2015-2018

Outpatient Care Center

- State-of-the-art, multispecialty outpatient center on lower campus
- Adjacent to new parking garage and existing MARB
- Construction: 2013-2014

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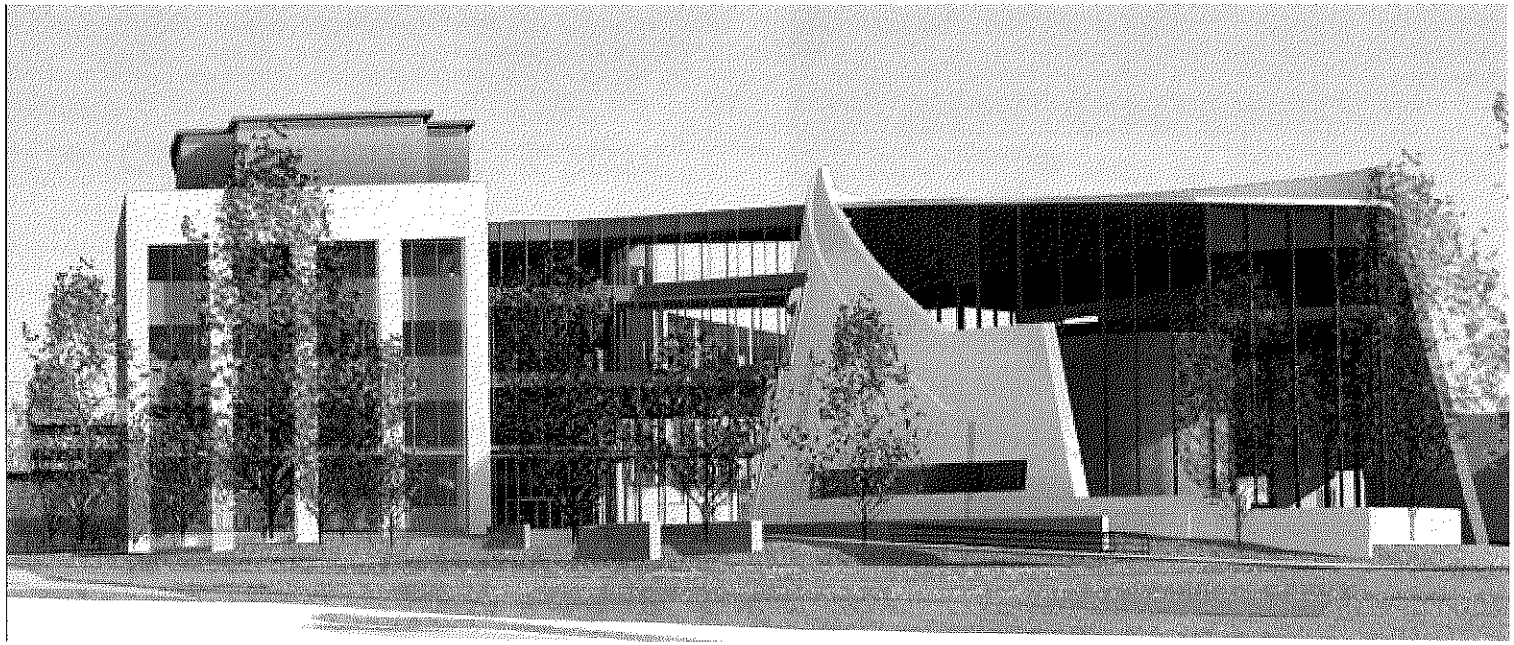
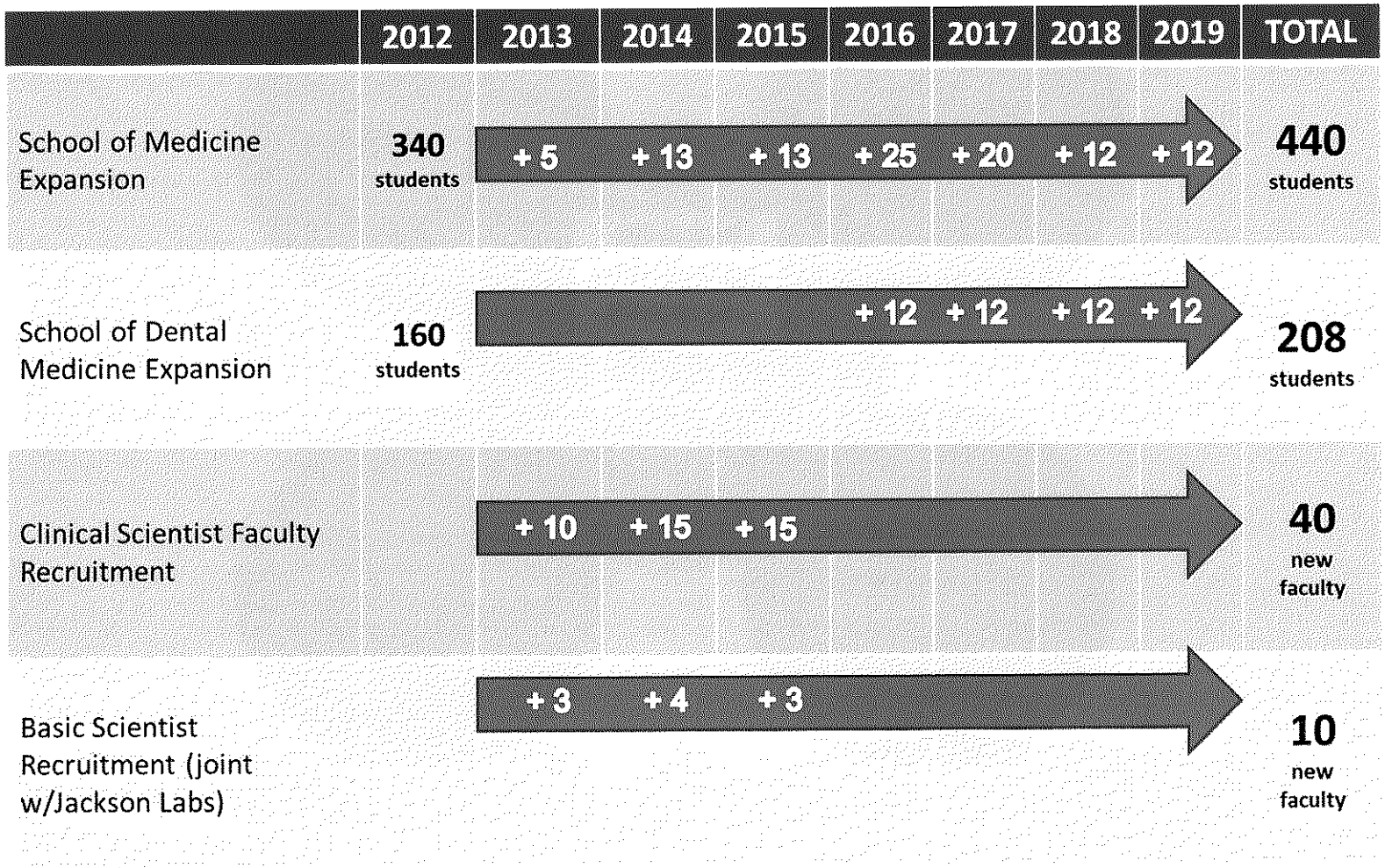
Jackson Laboratory for Genomic Medicine



- Internationally renowned research leader
- New building on lower Health Center campus dedicated to personalized medicine
- Collaborating with universities and hospitals in the region
- Construction started in Jan. 2013

Jobs, Economic Growth, Innovation

People Drive Excellence and Innovation



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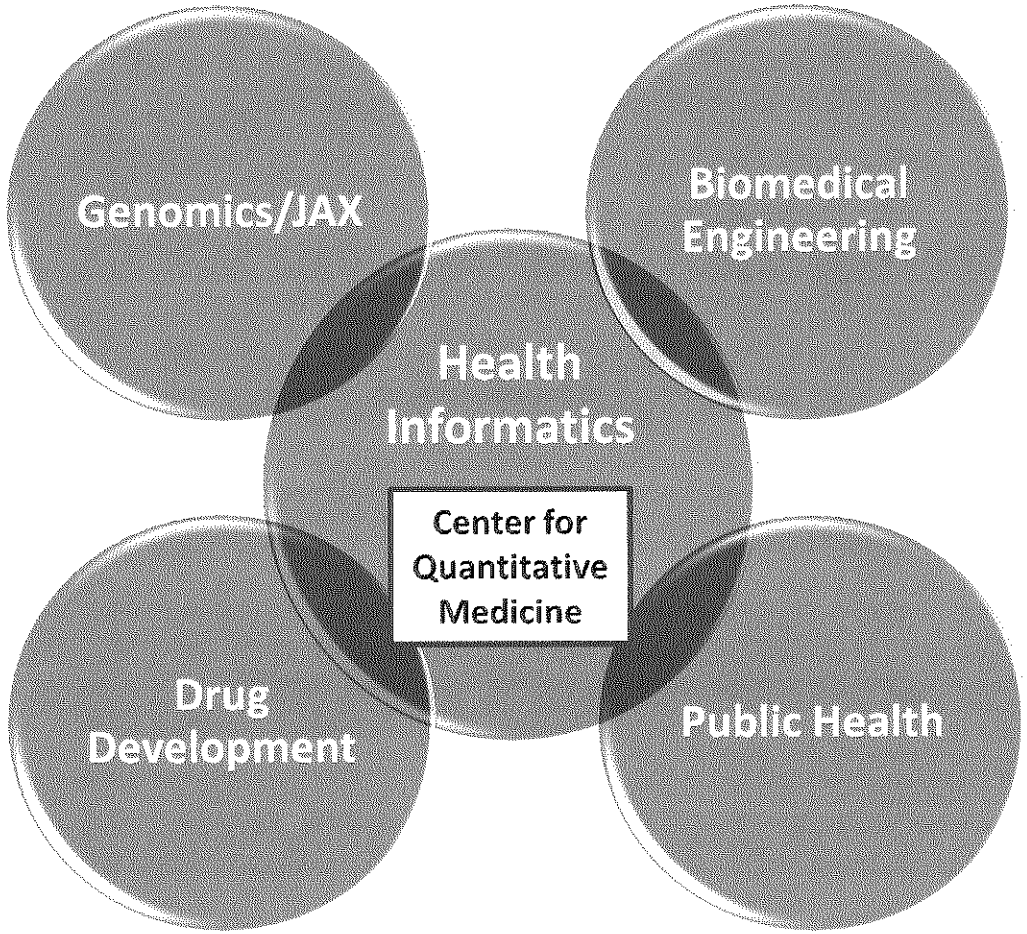
UConn Health Center
Bioscience Connecticut
bioscience.uchc.edu

UConn Health Center Programmatic Directions



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UConn Health Center FY14 & FY15 State Appropriation Summary

	FY14	FY15
	Governor Recommended Feb 2013	Governor Recommended Feb 2013
Current Services	118,224,720	123,800,416
Bioscience CT funding	11,900,724	16,765,958
FY2013 Recissions carry forward	(25,285)	(25,285)
FY2013 Deficit Mitigation carry forward	(4,121,609)	(4,121,609)
Reduce Operating Fund support	(1,486,437)	(1,486,437)
Fire Depart Modification	(420,391)	(420,391)
Reallocate Fringe benefits	71,566,732	74,607,351
Total	195,638,454	209,120,003
Nonfunctional - Change to Accrual	(1,015,846)	(1,103,433)
Appropriation w/o Accrual	194,622,608	208,016,570
Medicaid Reduction - JDH	486,986	486,986
Bonding:		
Bioscience CT Start Up	1,400,000	2,000,000
Increase in Deferred Maintenance	5,000,000	-
	6,400,000	2,000,000
Block Grant	111,155,152	116,643,261
Bioscience CT funding	11,900,724	16,765,958
Block Grant w/o Fringe	123,055,876	133,409,219
Reallocation of Fringe in Block Grant	71,566,732	74,607,351
Total Block Grant	194,622,608	208,016,570

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UConn Health Center:

Thank You!

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