

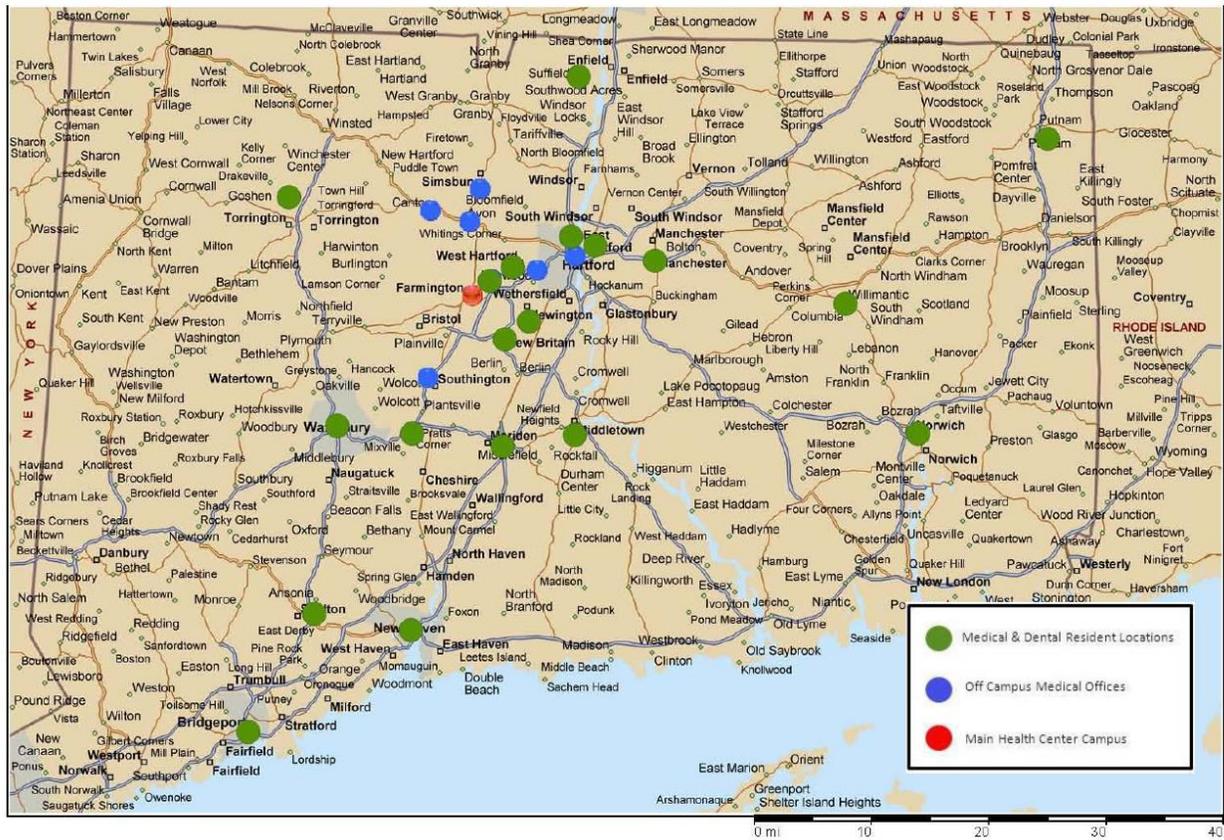
**Finance, Revenue and Bonding Committee Testimony
March 4, 2013**

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SB 840 AN ACT CONCERNING NEXT GENERATION CONNECTICUT

Senator Fonfara, Representative Widlitz, Senator Frantz, Representative Williams and members of the Finance, Revenue and Bonding 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 submit testimony in support of SB840 and to provide some background on the University of Connecticut Health Center’s FY 14-15 bonding request.

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 health 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 AND BONDING 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 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.

SB 840 also proposes an additional \$11M in bond funds to the UConn 2000 program (\$6.4M in FY14, \$2M in FY15 and \$2.6M in FY16) for capital equipment for the new Bioscience Connecticut faculty and important deferred maintenance.

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 ask that the Governor's proposed level of funding for the Health Center be maintained. 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. We urge your support of SB 840.

Thank you.