

**Appropriations Committee**  
**February 10, 2016**

**Testimony of Dr. Andy Agwunobi**  
**Chief Executive Officer of UConn Health**

Co-Chairs, Ranking Members, and members of the Committee, thank you for the opportunity to speak with you today. I am Dr. Andrew Agwunobi, the Chief Executive Officer of UConn Health. Joining me today is Jeff Geoghegan, our Chief Financial Officer.

Today, on behalf of the physicians, faculty, other employees, and students of UConn Health, I want to thank you for your generous support. I want to share with you some of the amazing accomplishments we have achieved to impress upon you that investments in UConn Health have been and continue to be of great benefit to the State of Connecticut. I also want to convey that the sustainability of UConn Health will be in question should these proposed cuts go into effect.

I could speak for many hours about the value that UConn Health, with your support, brings to the people of Connecticut. But in the interest of time, I will use a few examples to illustrate:

- Approximately 40% of our medical school and 50% of our dental school graduates practice in the State.
- UConn Health researchers have developed and are testing a promising personalized vaccine to prevent the recurrence of often deadly ovarian cancer; and have launched a grand research initiative to grow a human knee in the lab in 7 years and regenerate an entire limb within 15 years, to help advance care for those suffering from musculoskeletal defects and limb injury or loss.
- The collaboration with Jackson Laboratory is bolstering economic development and accelerating discoveries that will benefit our citizens. To date, more than 72 joint grant proposals have been submitted with 10 funded, totaling nearly \$8.2 million (and another 22 pending decisions, totaling \$22.7 million).
- As envisioned, Bioscience Connecticut is driving increases in construction and construction-related jobs. Among other construction activities, we are more than two-thirds complete on renovations to our research labs, opened

a new Outpatient Pavilion in January 2015, and we open a new Hospital Tower in late April. Through December 2015, 4,804 construction related jobs have been created, and 82% of construction contracts have been awarded to Connecticut companies, with a value of more than \$324 million. Participation rates of small businesses are currently at 35.3% and minority/women's/disadvantaged participation is at 22%<sup>3</sup> (far surpassing the state's requirements in both areas). UConn Health has awarded over \$140 million in contracts to small and minority-owned companies.

- Nearly one in four of all patients treated at our Hospital and our outpatient facilities are Medicaid patients; some of the most vulnerable patients in our State. Our Dental School is the single largest provider of dental services to the State's Medicaid population: this is true for adults, children and patients with special needs and disabilities.

So UConn Health is doing good work. But as you know all healthcare institutions in our State and nationally are facing financial stresses from a combination of the recession, decreased reimbursement, the shift from private payors to government payors, and so on.

UConn Health has similar challenges, and the additional challenge of being a small-sized public academic system, which means it (1) has a higher cost structure than private non-academic institutions and because of its size less ability than larger academic medical centers to spread fixed costs; and (2) an academic mission that is a public good rather than a money-making endeavor.

As you know, as a State entity responsible for education and research, UConn Health receives approximately 23% of our revenues from the State. 77% must be generated from clinical operations, research grants, philanthropy, tuition and fees and other contracted services we provide.

In addition to the financial challenges we face as a healthcare organization, since 2010, UConn Health has sustained \$42 million in state appropriation rescissions and fund sweeps.

Therefore, even before these proposed cuts, UConn Health is already in financial distress. To illustrate, for FY 2016, we are on track to lose \$15.9 million. These proposed cuts will add \$11.8 million in losses to that number going into FY 2017. This level of losses is not sustainable for a small academic health system that provides patient care, engages in public research, and teaching, and is striving to deliver on the promise of Bioscience CT.

What is particularly daunting is that before we heard the news of these proposed cuts we were encouraged by the success of the second year of our very intentional turnaround plan to reverse our financial losses. For example, at the beginning of FY 2015, we faced \$33 million in losses and through a combination of cost-cutting, attrition, and revenue cycle improvements, we were able to end the year at an approximate \$3 million loss.

At the beginning of this year, FY 2016, with funding shortfalls and additional building-related expenses, we faced a new \$40 million loss and again through cost cutting, revenue improvement and other initiatives, we are on track to meet a self-imposed target of a \$15.9 million loss. A \$15.9 million loss however is still a large number.

We have been addressing these shortfalls, primarily, by putting off capital maintenance, but this practice is not sustainable.

So, our plan over the next 3 years was to make steady operational and strategic progress towards a break even budget. Because we have already implemented many difficult cost-cutting and revenue enhancement initiatives, the \$11.8 million in proposed cuts if implemented will derail our financial improvement efforts and thus our plan for sustainability. I should add, the cycle of annual reductions in State support for the health system is unsustainable; it is not just this cut alone that will have a profound impact; it is the combined years of cuts.

In practice, this proposed funding cut and the accumulated years of cuts will force us to consider eliminating programs and services that we don't want to eliminate, because it would be harmful for the State and our patients. We may, however, have no choice. Cutting services is particularly problematic for a patient care enterprise. We have over 1 million patient encounters each year, including many of the region's most vulnerable residents. For them, we are the safety net. These cuts will likely damage that safety net.

A key point I would like to convey is that our sustainability is in question not just because of the level of proposed cuts, but also because of the timing. We have a new hospital tower opening in April which will add more than \$20 million in additional costs; we have a mandate to deliver on the promise of Bioscience CT; and we are in the midst of a financial improvement plan, which is already an almost insurmountable challenge.

In conclusion, we know you have extraordinarily difficult choices to make in the coming months about the State's budget. Like you, serving the State of Connecticut and its citizens are our top priorities at UConn Health.

My ask is that, as you consider the proposed cuts, you view us not just as another hospital, or another State agency, but as the State's only public academic health system, one that is a tangible economic engine for the State today, one that is laying the foundation of a strong healthcare and bioscience economy for the future, one that our most vulnerable citizens rely on for great care. With this in mind, I ask for your support to protect the viability of your public academic health system so that it can continue to deliver these irreplaceable benefits for the people of Connecticut today and in the future.

Thank you for your leadership.

# UCCONN HEALTH

February 2015

# Connecticut's Only Public Academic Health Center

## Education

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

## Patient Care

John Dempsey Hospital  
University Dentists  
University Medical Group



Residency Training  
(Graduate Medical Education)

Biomedical Sciences  
and Research

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# A Worthy Investment

## **Critical Source of the State's Health Care Professionals – Educating the Next Generation**

- 36% of School of Medicine graduates practice in the State
- 43% of School of Dental Medicine graduates practice in the State
- 87% of the School of Medicine and 55% of the School of Dental Medicine first year students this year are Connecticut residents
- Under-represented minorities comprise 18.4% of the School of Medicine and 17% of the School of Dental Medicine's 2015 first year class

## **Economic Driver for the Region and the State**

- Catalyst for new biomedical and biotech jobs, e.g. Stem cell, genomics and personalized medicine
- Generates nearly \$1.5 billion in overall economic impact to the State
- State-of-the-art incubator space for small startup businesses
- Robust clinical enterprise

## **Major Employer in the State**

- Over 5,500 employees from 155 different Connecticut towns, including West Hartford, Bristol Farmington, New Britain, Avon, Hartford, Newington, Southington, Plainville, Berlin, Burlington, Manchester, Waterbury, Windsor, Simsbury, Unionville, Wethersfield, Bloomfield, Glastonbury, East Hartford, Canton, Meriden, Middletown, Cheshire, Enfield, Wolcott, South Windsor, New Haven, Torrington, Norwich, Woodstock, Bridgeport and points in between.

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## **UConn Health Priorities**

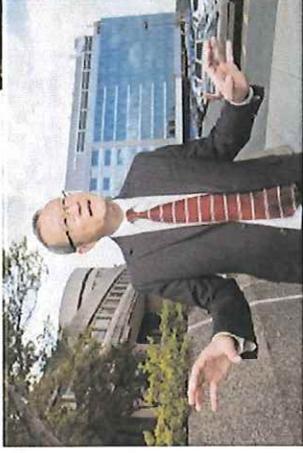
- Further the goals of Bioscience Connecticut and serve as an economic driver for the region and State through biomedical research, innovation and commercialization
- Create jobs in the Bioscience industry
- Train outstanding health care providers and researchers for the State of Connecticut
- Deliver outstanding patient-centered care to all citizens of Connecticut

# Education

## School of Medicine

396 Students

660 Residents



## Key Strengths

### Basic Research

- Cell Analysis & Modeling
- Stem Cells
- Genomics
- Immunology

### Clinical & Translational Research & Care

- Musculoskeletal Disease
- Aging
- Stroke
- Cancer
- Cardiac Disease
- Addiction

### Education

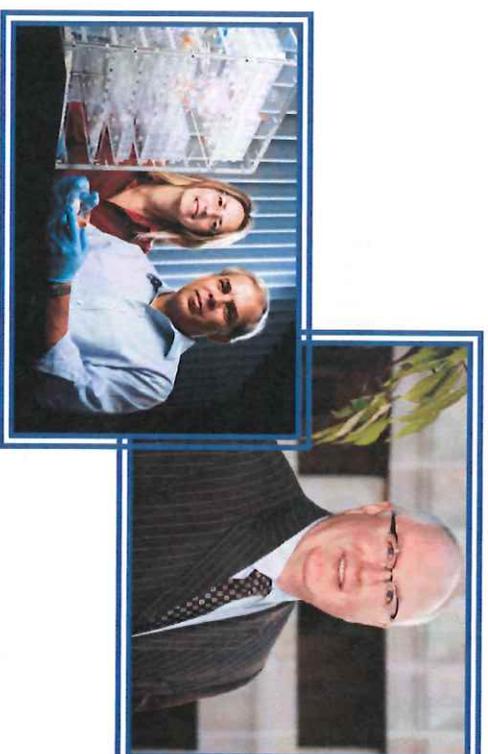
- Shared Medical & Dental Curriculum in Years 1-2
- Early Clinical Exposure
- Curriculum Reform
- Team-Based Learning
- Minority Enrollment
- Leadership in Undergraduate & Graduate Medical Education
- Continuing Medical Education – Accreditation with Commendation
- Community Partnerships

# Education

## School of Dental Medicine

167 Students

100 Dental Residents



### Key Strengths

#### Basic Research

- Regenerative Medicine
- Inflammation
- Skeletal Biology

#### Clinical & Translational Research & Care

- Major Provider of Care to Underserved in CT
- Oral Health as Primary Care
- Health Disparities
- Oral Cancer
- Biomaterials
- Implantology

#### Education

- Shared Medical & Dental Curriculum in Years 1-2
- Team-Based Learning
- Community Outreach
- Outstanding National Boards Performance

# Education

## The Graduate School

- 158 PhD Students
- 163 Masters Students
- 16 Public Health Certificate Students
- 7 Non-Degree Students



### Programs

#### Public Health (PhD, MPH)

- Social & Behavioral Health
- Occupational & Environmental Health

#### Clinical & Translational Research (MS-CTR)

- Masters Degree

#### Biomedical Science (PhD)

- Cell Analysis & Modeling
- Cell Biology
- Genetics & Developmental Biology
- Immunology
- Molecular Biology & Chemistry
- Neuroscience
- Skeletal Biology & Regeneration

#### Combined Degree Programs

- MD**
  - MD/PhD
  - MD/MPH
  - MD/MS-CTR
  - MD/MBA
- DMD**
  - DMD/PhD
  - DMD/MPH
  - DMD/MS-CTR
- PhD**
  - PhD/MBA

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#### Dental Science (MDentSc)

- Masters Degree

# Patient Care/Clinical Services

## KEY SERVICE STATISTICS (FY15)

- 8,900 inpatient discharges
- 1,015,934 outpatient encounters
- 83,594 dental clinic visits at UCH sponsored sites

All UCH 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):** one of the region's largest multi-specialty faculty clinical group practices
- **University Dentists and UConn Dental Clinics:** Connecticut's largest single provider of dental care for the under- and uninsured

# Patient Care/Clinical Services

## John Dempsey Hospital

Opened in 1975, John Dempsey Hospital (JDH) is the only public acute care hospital in Connecticut and the 2nd smallest academic health center hospital in the U.S. Originally planned as 400 beds, JDH was built at 200 beds. The 2<sup>nd</sup> 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 in Spring 2016), 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 the same challenges** as the state's other 29 acute care hospitals: Medicaid/Medicare cutbacks, uncompensated care, declining reimbursement rates, ongoing capital needs (including information technology infrastructure), nursing and other health care professional shortages and an intensely competitive marketplace that has increasing network consolidation.

### Awards

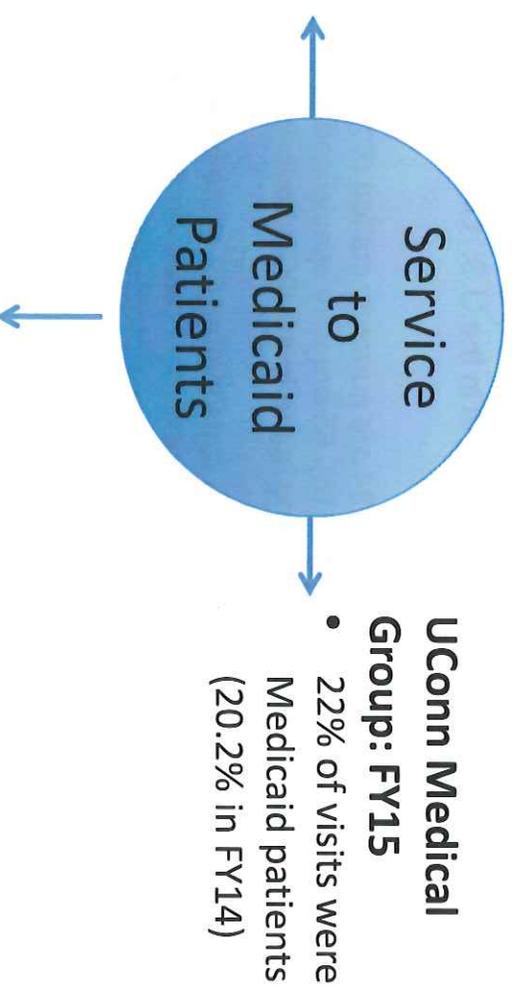
- Listed by the American Hospital Association as a national leader in the rapid improvement of quality outcomes leading to greater patient safety
- 2015 Gold Award winner for Heart Attack Care
- Consumer Reports 2015 Patient Safety Composite Score #3 in the State of CT
- American Heart Association's "Get with the Guidelines" Silver Stroke Plus Award
- Recognized by *Women's Choice Award* as one of America's Best Hospitals for Heart Care of the Female Patient
- American Heart Association Gold Mission Lifeline Award for cardiac care
- *CT Now Best of Hartford Readers' Poll 2015: Best Urgent Care Clinic & #2 Best place to have physical therapy*
- CT Hospital Association Quality Award to hospital administration for using data to improve quality of care
- Blue Cross Center of Excellence for Orthopedics
- Certificate of Distinction – 2015 Primary Stroke Center by the Joint Commission
- Leapfrog Hospital Safety Score "A"

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# An Essential Healthcare Provider to Connecticut's Underserved Citizens

## JDH: FY15

- Medicaid inpatient days as a percentage of total inpatient days comprised 23.7% (of 38,617 inpatient days)
- Disproportionate Share hospital – serving a large number of Medicaid and uninsured individuals – 1 of only 4 in state



## UConn DENTAL CLINICS: FY15

- Single largest provider of dental services to Medicaid recipients and the under- and uninsured
- 61.6% of patient visits to the UCH dental clinics are Medicaid clients (locations in Farmington, West Hartford and Hartford)
- Services are provided in 21 sites across the state (Hartford, New Britain, West Hartford, East Hartford, Manchester, Middletown, Waterbury, Norwich, New Haven, Farmington, Willimantic, Storrs, Bridgeport, and Torrington)

# Residency Training/Graduate Medical Education Partner and Resource to Other Hospitals

- 760 residents (660 medical and 100 dental) who train and provide patient care in local hospitals and dozens of community settings in more than 20 communities across the state
- UConn Medical Internship/Residency Programs contribute to the quality of healthcare service in the participating hospitals and also drive additional Medicare reimbursement revenues:

Hospitals FY 14	Graduate Medical Education & Indirect Medical Education Reimbursement
CT Children's	\$2.9 million
Hartford Hospital	\$44.3 million
Hospital of Central Connecticut	\$6.9 million
UConn Health Center- John Dempsey Hospital	\$26.3 million
St. Francis Hospital	\$27.0 million
<b>TOTAL</b>	<b>\$107.4 million</b>

*UConn residents provide care in Hartford, Bridgeport, New Britain, Middletown, East Hartford, Manchester, Waterbury, Norwich, New Haven, Derby, Willimantic, Putnam, Torrington, Farmington, West Hartford, Meriden, Suffield, Cheshire and Newington*



# Providing Essential Services to Connecticut's At-Risk Citizens

## Collaborating with Other State Agencies:

- Department of Correction & UConn Health – Inmate Medical Services: UConn Health provides medical, mental health and dental care to approximately 17,000 inmates in DOC custody at 16 DOC facilities, 29 halfway houses and at UConn's John Dempsey Hospital.
- UConn Health also collaborates with the Departments of Social Services, Public Health, Veterans' Affairs, Children & Families, Mental Health & Addiction Services, the Office of Early Childhood, and the Judicial Branch's Court Support Services to provide critical services to Connecticut's at-risk citizens.

## Statewide Resource:

- Operate the Connecticut Poison Control Center (per State Statute)

# 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)
- Urban Service Track (Provides 50 community-based programs annually throughout CT)

**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), based in Farmington with 4 regional centers providing services throughout CT. Five offices – Hartford, New London, Shelton, Waterbury and Willimantic
- CT AHEC Network Pipeline Programs: Youth Health Service Corps, Collegiate Health Service Corps, AmeriCorps
- Veterans' and Mental Health First Aid
- State Innovation Model Grant support – Community Health Worker Workforce Development
- Urban Service Track

# Research

**Total Research Expenditures (FY15): \$84.5M**

## Major Grant Awards:

- Center for Biomolecular NMR Processing and Analysis (NIH Grant) - \$6,111,416
- Regenerative Engineering of Complex Musculoskeletal Tissues and Joints (NIH Grant) - \$3,985,417
- Translation of COPE for Publicly Funded Home Care Clients and their Families (NIH Grant) - \$2,931,098

## Joint UConn/Jackson Laboratory Collaborations:

### Collaborative Grant Submissions to Date

Joint Grant Submissions	Number	Value
Awarded	10	8,217,113
Pending	22	22,721,193
Not Funded	40	87,193,109
<b>Total</b>	<b>72</b>	<b>118,131,415</b>

### Single Cell Genomics Center

\$7.7 million three-year joint investment in equipment-based research core with cutting edge, high tech research equipment; making equipment too expensive to support separately economically viable on a shared basis.

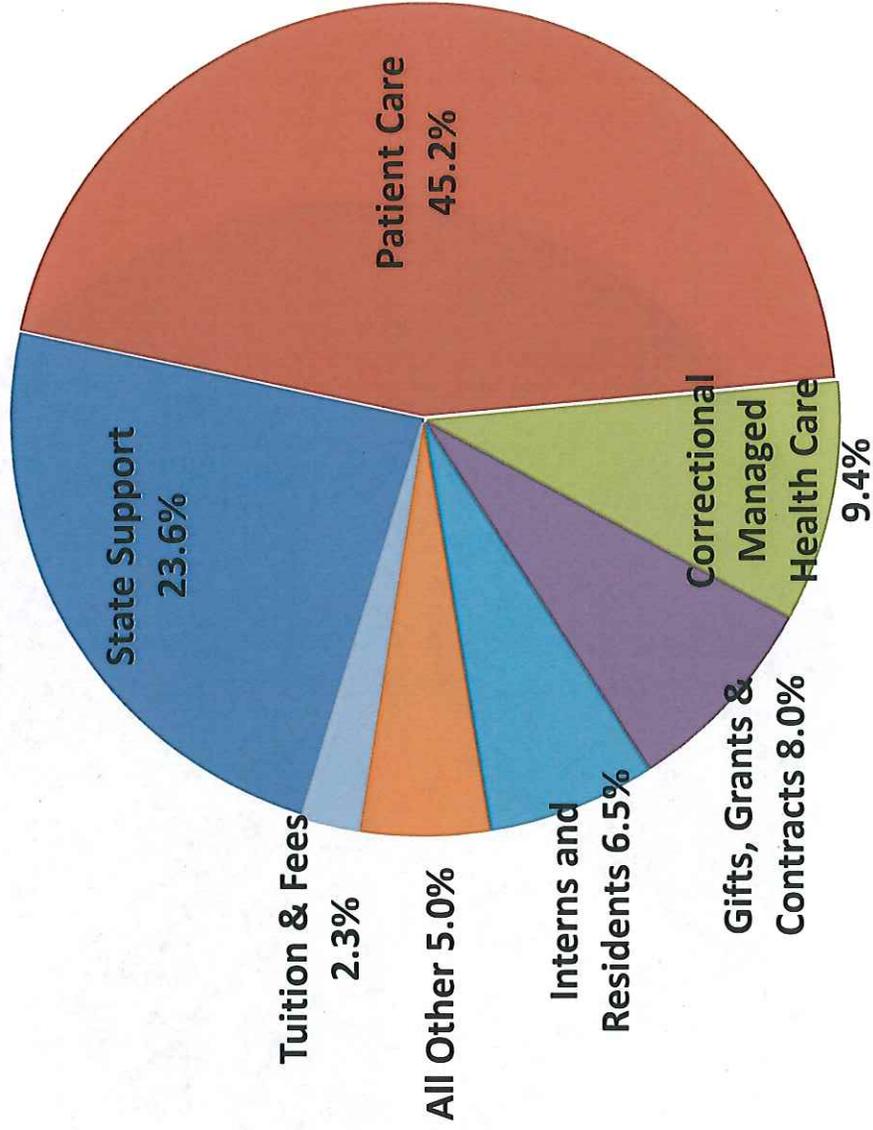
### Joint JAX/UConn Workshops

Numerous joint (UConn/JAX) seminars/symposiums/workshops have been delivered, including:

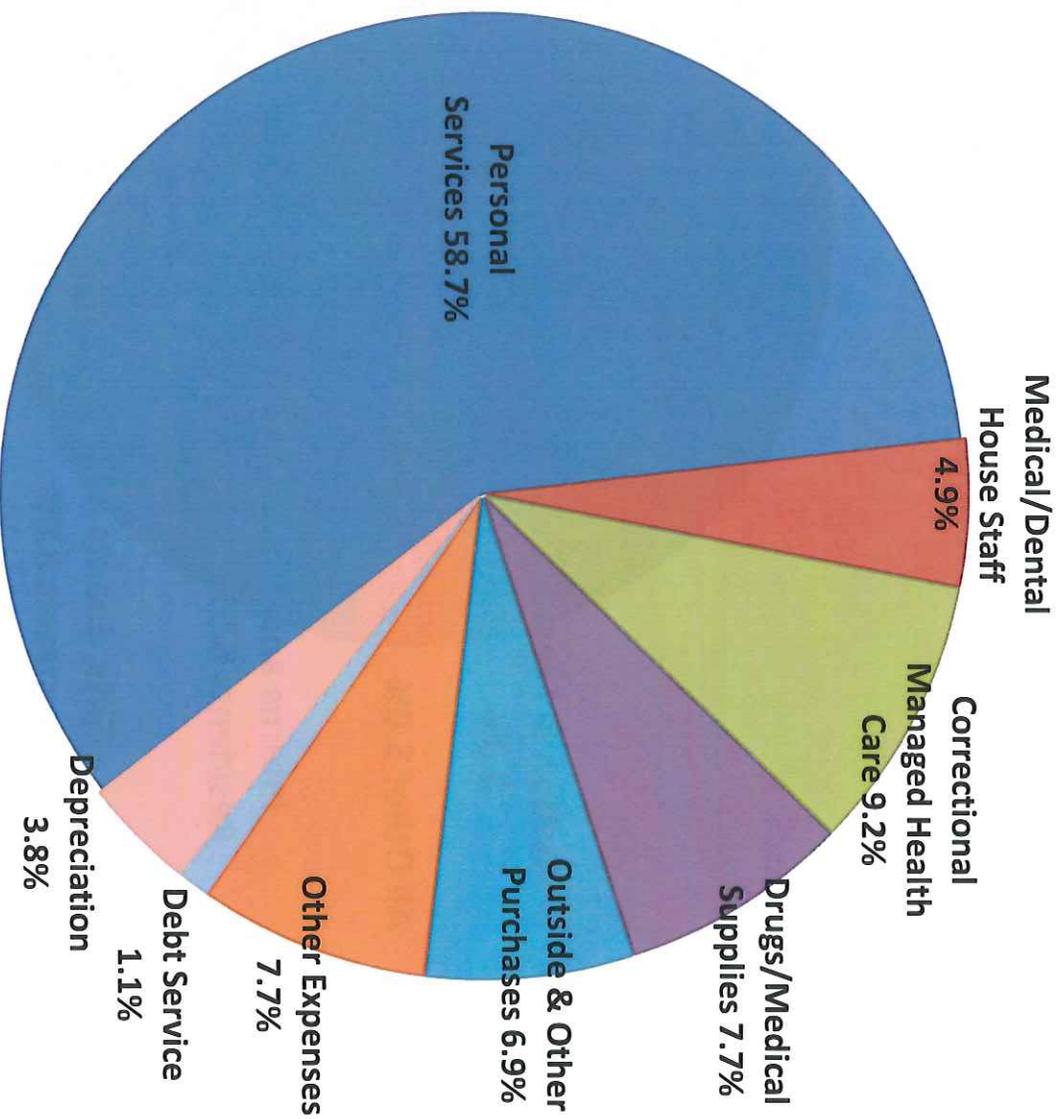
- Talk by best-selling author, Rebecca Skloot, and the Lacks Family. The Immortal Life of Henrietta Lacks, has put ethics and genomic medicine at the forefront of discussion and has already helped to frame guidelines that will shape the future of genomic medicine (UConn/JAX).
- Informational session regarding the Connecticut Bioscience Innovation Fund (CBIF) to JAX and UConn researchers (UConn/JAX/Connecticut Innovations).

# FY16 Revenue Budget: \$986.9M

- 23.6% of the Health Center budget is State supported (down from 24.2% in FY15)
- 76.4% comes from other revenues (clinical, research, tuition, research, tuition, philanthropy)



# FY16 Expenditure Budget: \$1.0029 Billion



## UConn Health Rescissions and Fund Sweeps

Fiscal Year	Reductions to UConn Health Budget Appropriations	Fringe Benefit Cut Related to Reduction	Total Reduction with Fringe Benefits	Sweeps from Non-State Funds at UConn Health
2010	(1,237,791)	(531,012)	(1,768,803)	(10,000,000)
2011	(179,533)	(81,472)	(261,005)	(10,000,000)
2012	(784)	(360)	(1,144)	
2013	(4,146,894)	(1,985,118)	(6,132,012)	
2014	(523,372)	(307,743)	(831,115)	
2015	(4,208,003)	(2,440,642)	(6,648,645)	
2016(to date)	(2,060,766)	(1,245,733)	(3,306,499)	(3,000,000)
<b>TOTAL 2010 to Date</b>	<b>(12,357,143)</b>	<b>(6,592,080)</b>	<b>(18,949,223)</b>	<b>(23,000,000)</b>
<b>Total UConn Health Rescissions and Fund Sweeps</b>				<b>(41,949,223)</b>

# Proposed State Funding (\$M)

	Adopted	Gov Proposed	Gov Prop: Detail	Change w/o Fringe Benefit Reallocation
Operating Expenses	\$125.5	\$150.8	\$121.9	(\$3.6)
Fringe - Operating Expenses			\$28.9	
Bioscience CT	\$12.0	\$15.3	\$11.3	(\$0.7)
Fringe - Bioscience CT			\$4.0	
AHEC	\$0.4			(\$0.4)
Worker's Compensation Claims	\$7.0			(\$7.0)
Fringe - Accrued Pension Liabilities		\$70.3		\$70.3
Estimate Block Grant	\$144.9	\$236.4	\$133.2	(\$11.7)

\*\$236.4M with the reallocation of fringe benefits from OSC's budget to UConn Health's budget. Impact of FB is unknown at this time. Does not include Collective Bargaining increases.

Potential impact of reductions: Freeze on faculty hiring, decline in research support, reviewing programs and services for possible elimination.

# **Bioscience Connecticut (P.A. 11-75)**

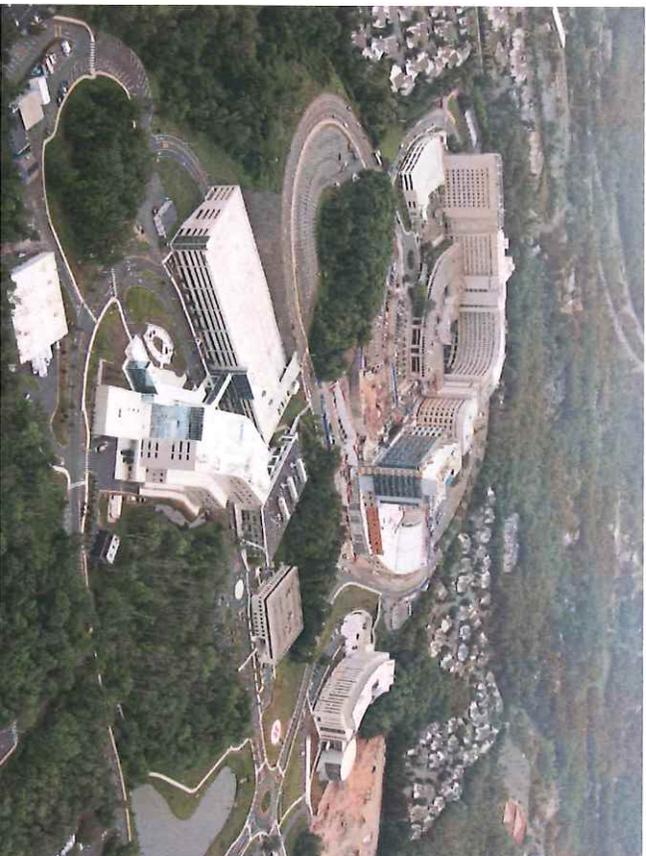
## **Making Connecticut a Leader in Bioscience**

- Stimulate short and long term economic activity/job creation
- Spur bioscience innovation
- Meet healthcare needs of Connecticut's future
- Provide access to state-of-the-art care



# Bioscience Connecticut

## Facilities and Infrastructure



- Campus transformation continues; program is 70% complete
- Construction industry benefits

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## Programs and People



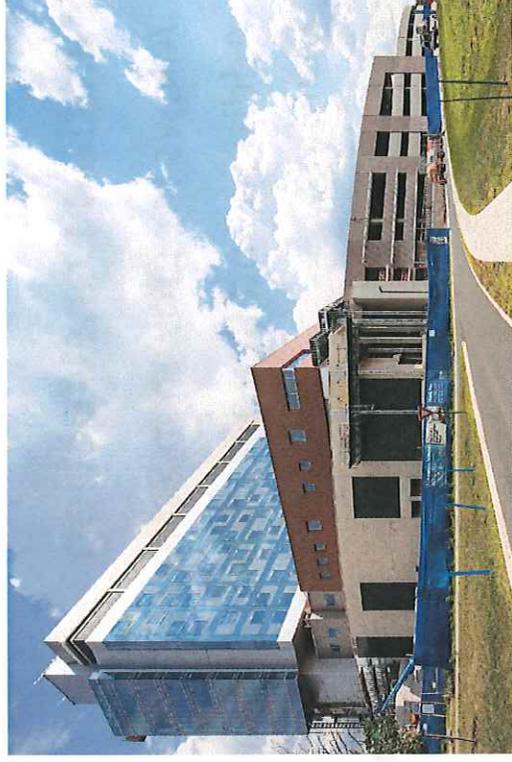
- Essential to success
- Sustainable economic benefits

## New Hospital Tower

- 169 private rooms
- New and expanded Emergency Department
- New Operating Rooms
- Expected Opening: May 2016



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Project: UCHC New Construction and Renovation  
Location: Tower and Ball Group, Farmington, CT  
U-CIC Project No. 001590  
Photographer: Flynn the Visual Processors  
Architect: SDAK&S  
Contractor: Turner Construction Company

Date: August 17, 2015  
Photo Number: 001590\_000\_20150817\_1.jpg  
Vantage Point: View south from the north side of the building. Stone has been applied to the base of the building.

## Research Space Renovation

- Renovating 205,000 SF of 238,000 SF of existing UCH research facilities
- Two Projects – 4 phases (Project 1 is complete, Project 2 completion early 2017)
- 28,000 sq. ft. incubator lab addition to Cell & Genome Sciences Building to foster new business start-ups: Completed 1/2016

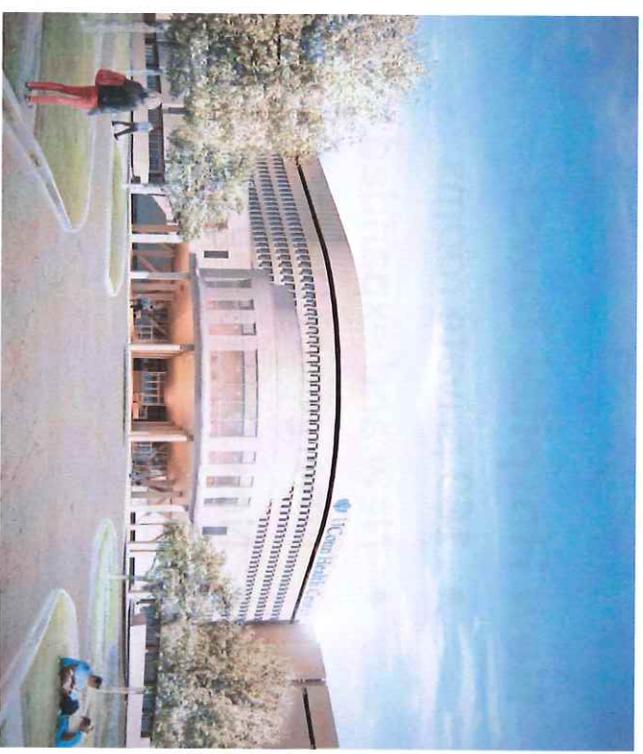
## Education Construction

- Allows for growth in Schools
- Addition and Renovations to Academic Building
- Construction completion: Addition - Summer 2016; Renovations - Summer 2017

## Outpatient Pavilion

- 306,000 sq. ft., state-of-the-art, multispecialty outpatient clinical building on lower campus (opened in January 2015)
- 1400 car parking garage (opened in November 2013)
- Private financing through TIAA-CREF \$203M

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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
- Opened October 2014



# Facilities and Infrastructure

- Construction Jobs
  - 4,804 jobs created
  - 2,309,000 hours worked on the project through December 2015
  - 82% of construction contracts awarded to CT companies - valued at \$324M

## ➤ Small/Minority Participation:

HOSPITAL CONSTRUCTION	REQUIREMENT	PROJECTED
Small Businesses	25%	<b>35.3%</b>
Minority/Women's/ Disadvantaged Businesses	6.25%	<b>22%</b>

# Facilities and Infrastructure Timeline

February 2016

Where we are now

