

Budget in Brief

Budget Report 2021-2022

UConn HEALTH



Connecticut's Public Academic Health Center



EDUCATION

School of Medicine
School of Dental Medicine
Graduate School



PATIENT CARE

John Dempsey Hospital
UConn Medical Group
University Dentists



BIOMEDICAL SCIENCES AND RESEARCH



RESIDENCY TRAINING

Graduate Medical
Education
Graduate Dental Education



Snapshot

UConn Health is Connecticut's only public academic medical center and is a vibrant, high-performing public asset to the state of Connecticut.

Integrated Three-Part Mission



EDUCATION



RESEARCH



PATIENT CARE

4,600

**FULL- AND PART-TIME
EMPLOYEES**

\$1.3B

**ANNUAL
OPERATING
BUDGET**

789



medical and dental school graduates placed in central Connecticut hospitals for residency, addressing a critical workforce need and attracting **\$136.89M** in federal funds annually.

NEARLY 1/4

of inpatient hospital and outpatient visits are from patients enrolled in Medicaid.

UConn Health includes:

- UConn School of Medicine
- UConn School of Dental Medicine
- The Graduate School (Biomedical Sciences, Public Health, Clinical & Translational Research, Dental Sciences)
- John Dempsey Hospital
- UConn Medical Group (outpatient services)
- UConn Dental Clinics
- Research laboratories
- Technology incubation facilities for startup companies

CT'S #1 PROVIDER of dental services to Medicaid recipients and the under- and uninsured.

UConn Health is a major supplier of health care professionals and biomedical science professionals for the state.



School of Medicine

445 Students
684 Residents

School of Dental Medicine

199 Students
105 Residents

HIGHLIGHTS

- Shared Biomedical Sciences Curriculum in Years 1-2
- Early Clinical Exposure
- Curriculum Reform
- Team-Based Learning
- Outstanding National Boards Performance
- Outstanding Residency Placement
- Leadership in Undergraduate & Graduate Medical & Dental Education
- Continuing Medical Education – Accreditation with Commendation
- Statewide Community Partnerships & Community Outreach Programs



The Graduate School

182 Ph.D. Students

148 Master's Students

24 Graduate Certificate Students

PROGRAMS

Public Health (Ph.D., MPH)

Clinical & Translational Research (MS-CTR)

Dental Science (MS)

Biomedical Science (Ph.D.)

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

Combined Degree Programs

MD

- MD/Ph.D.
- MD/MPH
- MD/MS-CTR
- MD/MBA

DMD

- DMD/Ph.D.
- DMD/MPH
- DMD/MBA
- DMD/MS-CTR

Ph.D.

- Ph.D./MBA



KEY SERVICE STATISTICS (FY21)

8,913

INPATIENT DISCHARGES

4,208

OBSERVATIONS

1,353,474

OUTPATIENT VISITS*

70,186

**DENTAL CLINIC VISITS
AT UCONN HEALTH SITES***

**Some outpatient visits will generate multiple patient services in a given day.*





CLINICAL SERVICES

All UConn Health 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): Acute care, University teaching hospital licensed for 234 beds.

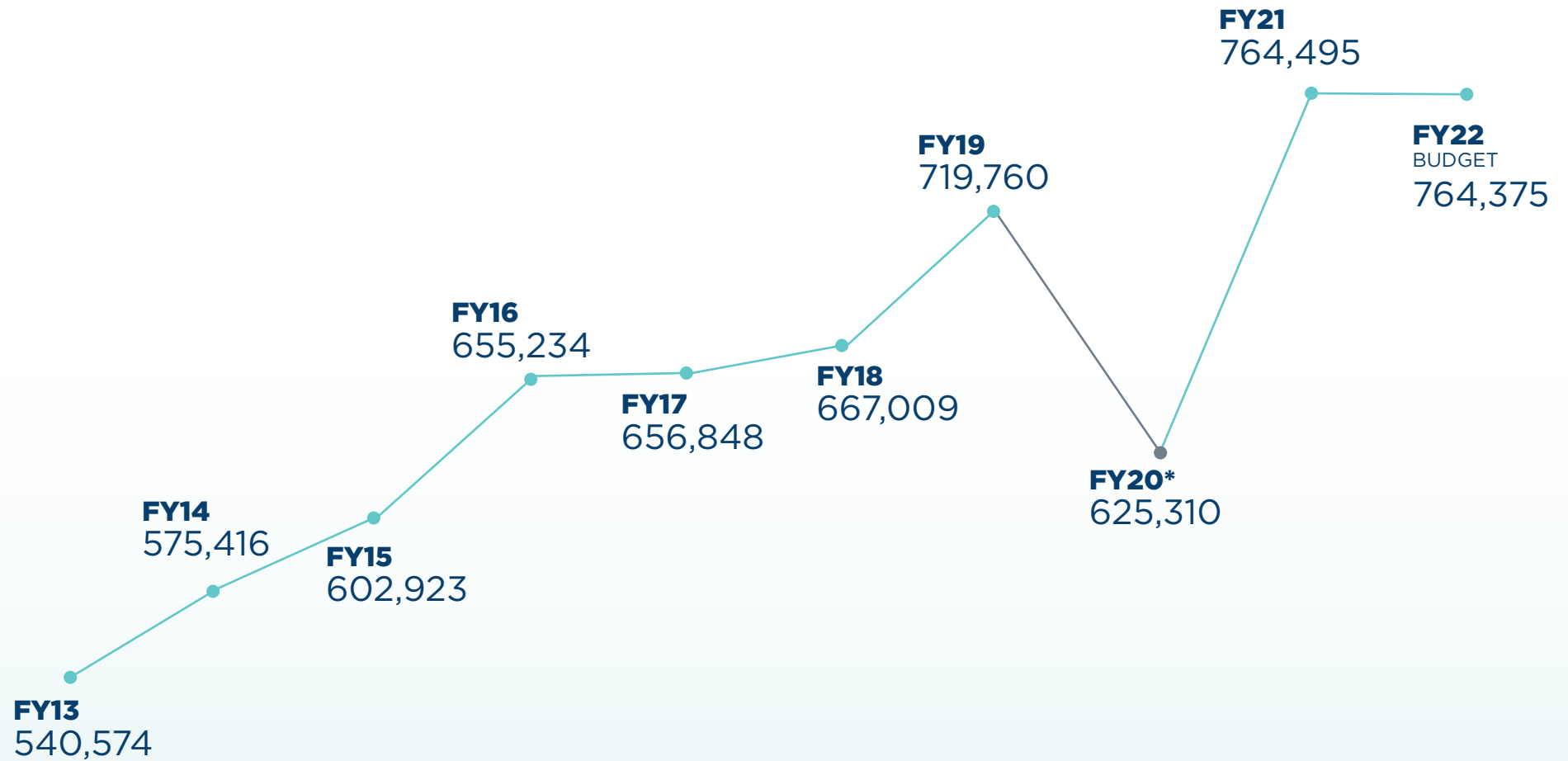
UConn Medical Group (UMG): Among the largest multi-specialty faculty clinical group practices in the region.

University Dentists and UConn Dental Clinics: Faculty and resident dental care practices.

Urgent Care: Treating a range of non-life threatening illnesses and injuries that need prompt attention with no appointment.

UConn Medical Group

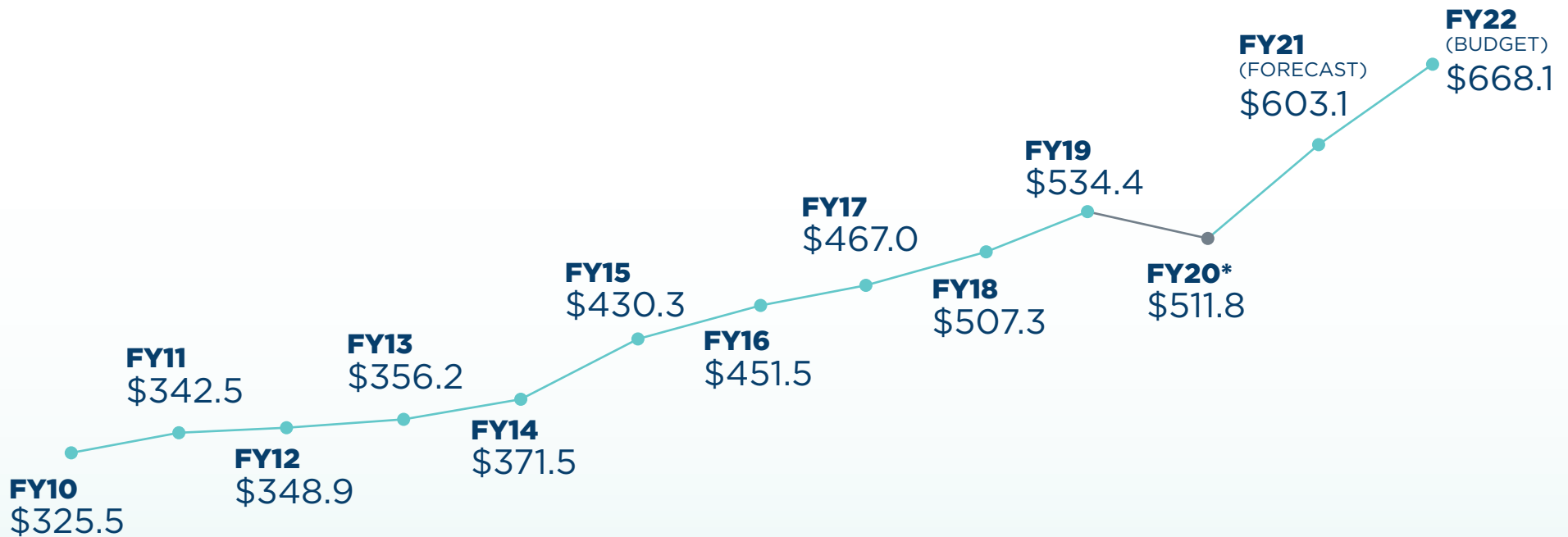
ENCOUNTERS BY FISCAL YEAR



*FY2020 reflects COVID-19 impact

UCH Net Patient Revenue

JDH, UMG, DENTAL CLINICS AND SPECIALTY PHARMACY



*FY20 reflects COVID-19 impact



Commercialization and Company Creation



Research and innovation success leads to technology commercialization, creates new companies, new jobs, and positions Connecticut for economic growth.





Commercialization and Company Creation

FY21 TECHNOLOGY COMMERCIALIZATION ACTIVITY:

91 invention disclosures received

102 U.S. patent applications filed

28 patents issued

10 licenses & options executed

\$1.2M licensing revenue

5 startups formed by faculty, 2 student startups
supported by UConn Research

RECENT SUCCESS AND RANKINGS:

TIP was the 2021 winner
International Business
Innovation Association (InBIA)
Randall M. Whaley Award.

141 companies have
participated since 2003 with
\$956M raised.



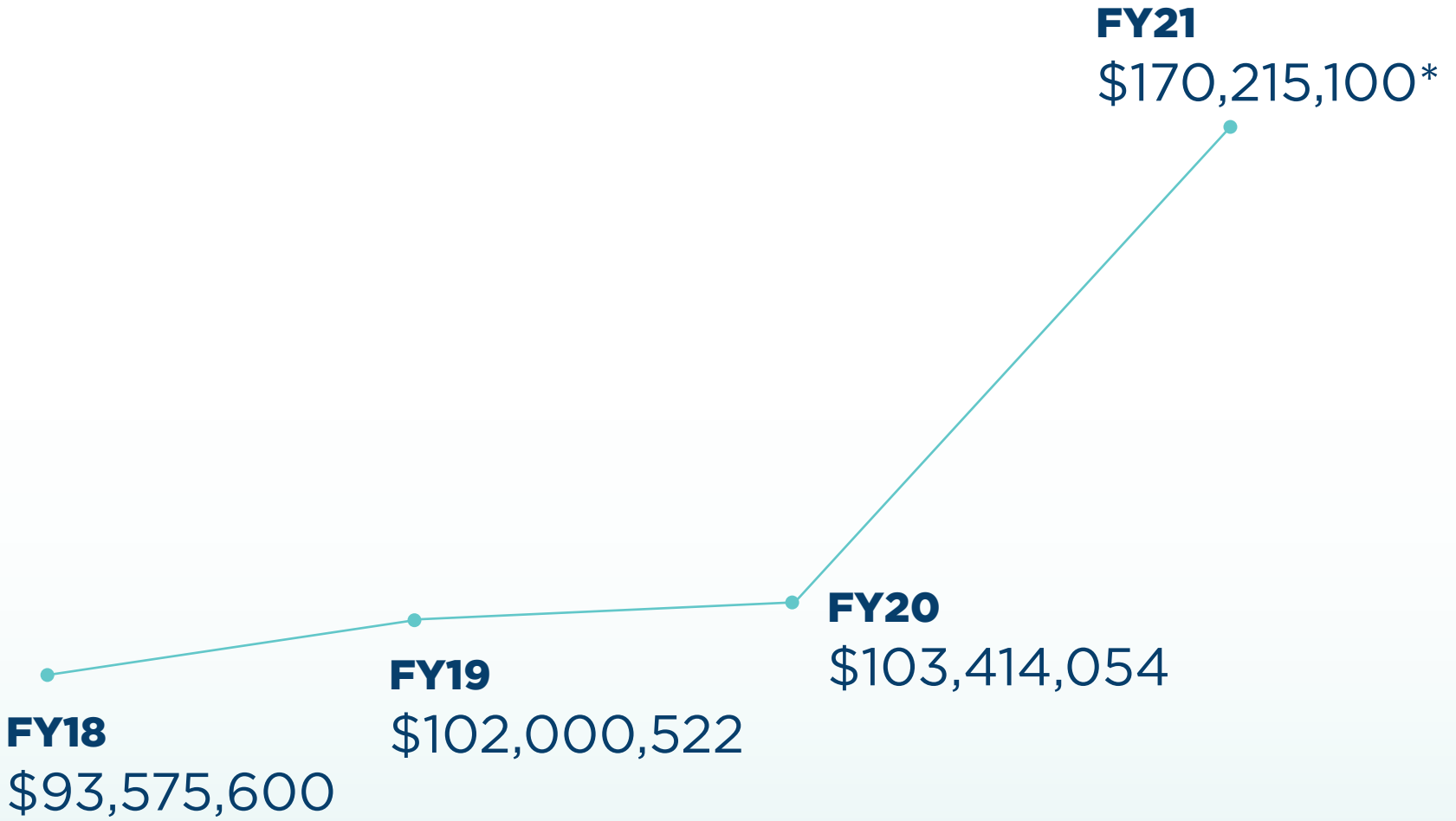
Technology Incubation Program (TIP)

Moving technology from the lab to the market at UConn and UConn Health

	TIP UConn and UConn Health Total FY21	TIP UConn Health Total FY21	TIP Stamford Total FY21	TIP Storrs Total FY21
Raised in debt & equity funding	\$57M	\$53M	\$3M	\$227k
Raised in revenue from sales and grants	\$14M	\$10M	\$2M	\$2M
Companies located at the incubator	58	36	11	11
Full-time (FT) and part-time (PT) Jobs	204 (FT) 80 (PT)	172 (FT) 49 (PT)	14 (FT) 7 (PT)	18 (FT) 24 (PT)
Incubator space occupied	94%	93%	N/A	97%
Taxes paid	\$3,384,920	\$3,179,893	\$29,657	\$175,370



Research Awards hit Record High



**FY21 awards includes NSF Mid-Scale for \$40M
School of Medicine (\$155M), School of Dental Medicine (\$13M), other (\$2M)*



UConn Collaborations with the Jackson Laboratory

COVID-19 Testing

- Partnered to provide coronavirus testing to Connecticut residents
- Pursuing research collaborations related to COVID-19

Joint Hires

- 4 joint UConn-Jax hires and a 5th co-hire is in process

UConn Center on Aging Partners with JAX on NIH Awards

- Awarded \$7 million grant to establish the Claude D. Pepper Older Americans Independence Center at UConn Health
- UConn Health and JAX assume key roles in the \$13.5 million U54 SenNet Tissue Mapping Grant with top medical centers

Joint Single Cell Genomics Center

- Continued investment in equipment-based research core with cutting edge, state-of-the-art research equipment
- Grants awarded to UConn/UConn Health faculty using the Center total nearly \$33M

Mighty Mice in Space

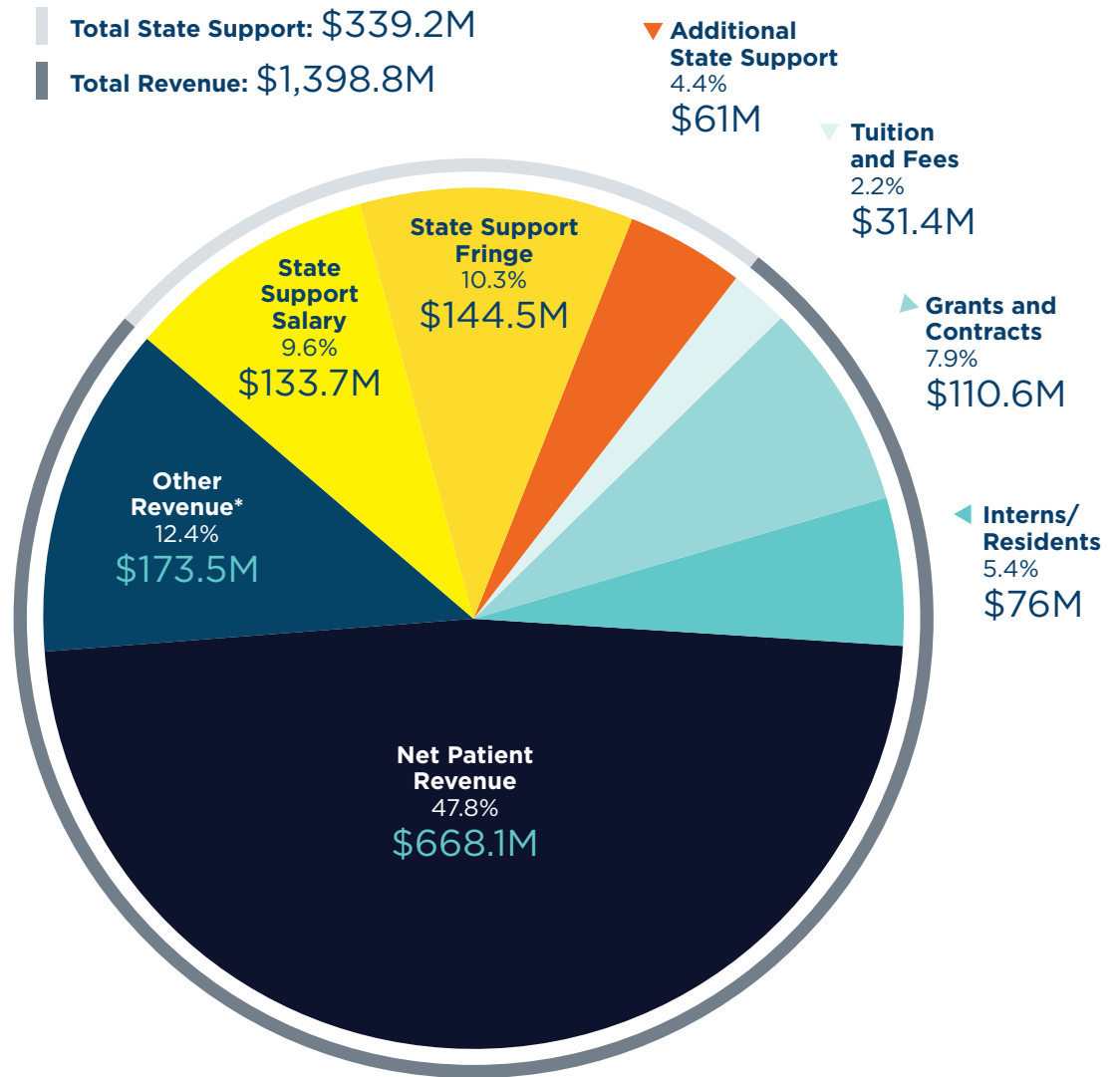
- Genetically engineered “mighty mice” sent to the International Space Station led by Drs. Se-Jin Lee (UCH-JAX joint hire) and Emily Germain-Lee (UCH-CCMC)

UConn/JAX COLLABORATIVE GRANTS FY14-PRESENT

Joint Grant Submissions	Value
Awarded	\$66.1 million
Pending	\$122.3 million
Total	\$188.4 million

FY22 Revenue by Category

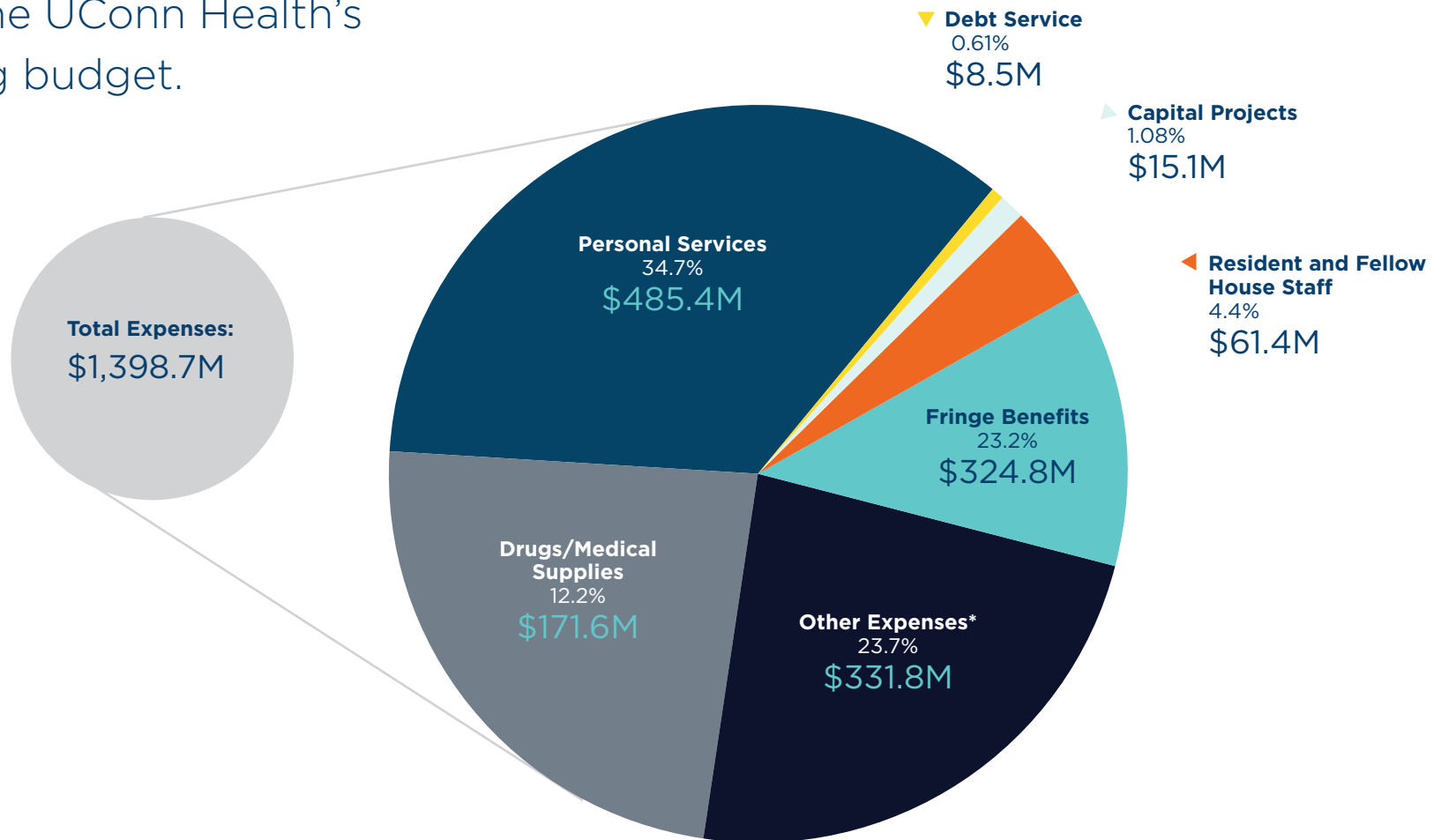
UConn Health's primary source of revenue is from patient care. State support for salaries on the block grant is 9.6% of total revenues, and when combined with the state fringe reimbursement and state unfunded legacy cost, only accounts for 24.3% from the state.



*Other Income includes auxiliary services, gifts/endowments, external contract revenue, and internal income (offset by internal expense)

FY22 Expense by Category

Salary and fringe benefit costs account for over 59% of the UConn Health's operating budget.



*Other Expenses includes items such as medical/dental house staff, medical contractual support, utilities, insurance and repairs/maintenance.

Percentages may not total 100 due to rounding.

FY22 Budget: Balanced Budget

Due in large part to the state's One-Time Financial Support (addressing COVID clinical revenue losses and the state's legacy costs) and internal financial improvement planning, UConn Health is on target to end FY22 in balance.

	Total UCH (\$M)
Total Revenue	\$1,056.3
State Support	339.2
Total Expenses	1,400.7
Loss	-5.2
Lapses (FIP and Capital Reduction)	5.3
FY22 Budget	\$.1



Extensive Cost Savings and Strategic Growth Initiatives

EXTENSIVE COST SAVINGS EFFORTS:

FY14-16	Total Savings \$13.7M	Financial Improvement Project 1.0 (Berkley Research Group)
FY17	Total Savings \$11.1M	Financial Improvement Project 2.0
FY18	Total Savings \$12.3M	Financial Improvement Project 3.0
FY19	Total Savings \$25.1M	Financial Improvement Project 4.0
FY20*	Total Targeted Savings \$7.0M	Financial Improvement Project 5.0
FY21	Total Savings \$48.8M	Financial Improvement Project 6.0

CURRENT COST SAVINGS EFFORTS:

FY 22	Total Estimated Savings \$5.3M	Financial Improvement Project 7.0
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- **Clinical Initiatives** – Contract pharmacy, radiology expanded services, provider productivity, Incentive based compensation
- **Workforce Initiatives** – Restricted hiring to only vital positions
- **Non-Labor** – Extensive contract improvements yielding savings on medical devices, pharmaceuticals, lab supplies, surgery, radiology
- **Workers’ Compensation** – Incident review

**Prior to the pandemic, UConn Health had successfully undertaken its FY20 Financial Improvement Plan and was projected to end the year with a positive bottom line. Due to the impact of COVID-19 on expenses and clinical revenues, UConn Health ended FY20 with an \$18.9 million deficiency.*



Extensive Cost Savings and Strategic Growth Initiatives

STRATEGIC GROWTH INITIATIVES:

Increase clinical volume through strategic faculty-clinician hiring

Identified new patient revenue streams (Enhanced payments for physician services)

Other new revenue generating initiatives (\$340B retail pharmacy contracts)

State Legacy Costs: Key Issues

High fringe benefit costs impact UConn and UConn Health's budgets, students and their families, and competitiveness. The largest portion of the state's retirement rate is attributable to the state legacy costs, which are passed on to higher education.

Budget Impact

UConn and UConn Health must pay ~\$105.5M of its non-state funds to cover the state's legacy costs in FY23. Without these costs, UConn and UConn Health would not have deficit budgets.

Students and Their Families

The state legacy costs cause an undue burden, especially on our students and their families. We have to fund some of these costs with tuition and fee dollars which ends up not going to their education, but to a prior retiree liability. This translates into \$1,050 per student.

Research Competitiveness

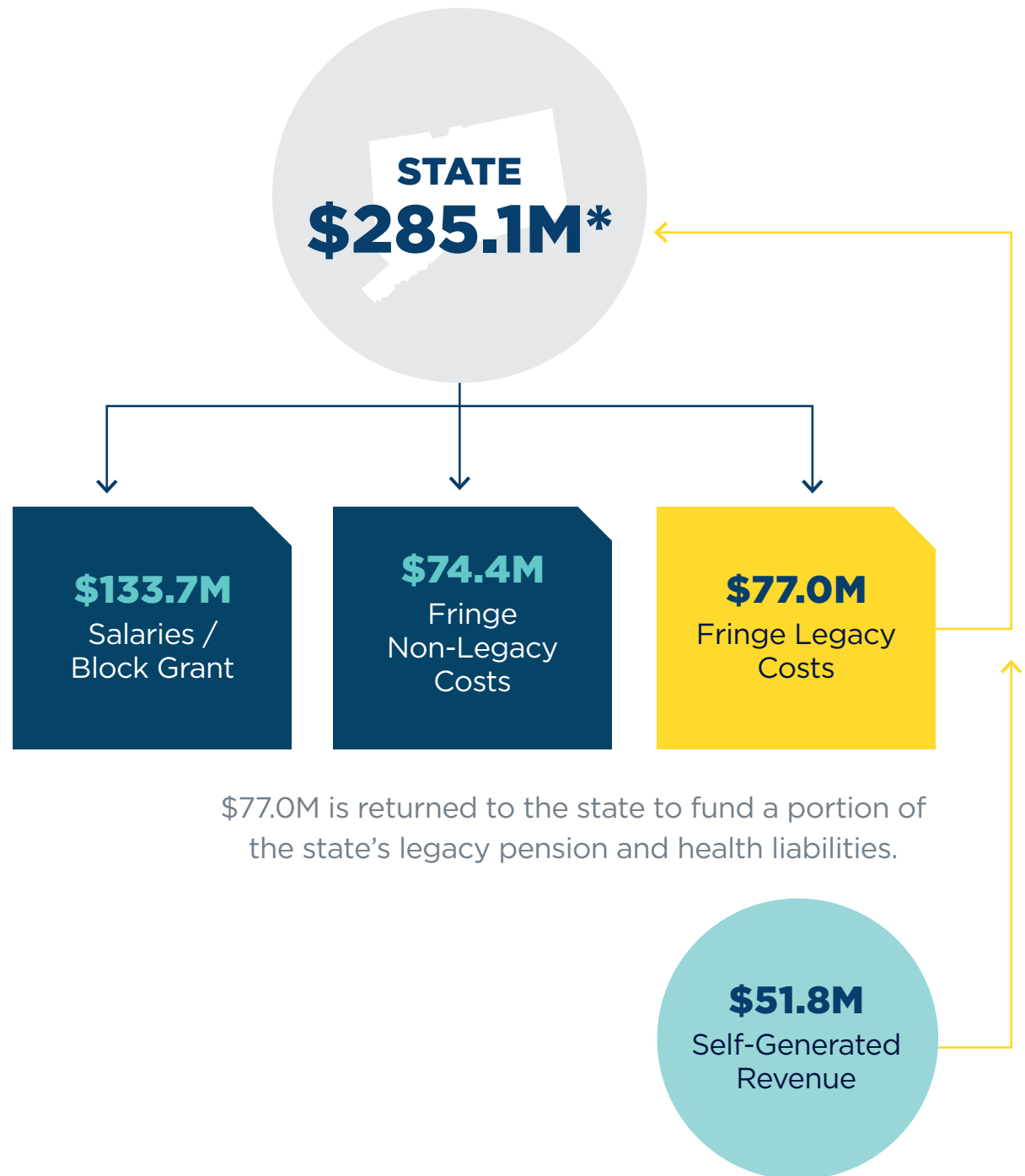
The state's fringe rate causes UConn and UConn Health research fringe rates to be outliers, ~30% higher than peers. This results in fewer research grant dollars and federal dollars to the state's economy and less innovation and commercialization.

Clinical Competitiveness

The state's fringe rate for UCH's clinical operations is ~40% higher than other hospitals and providers across the state, resulting in over \$112M in additional costs for UConn Health to provide clinical care.

State Funds Flow and Legacy Costs

The total legacy cost to UConn Health is estimated at \$128.8M and the state covers \$77.0M which means UConn Health is required to provide the remaining \$51.8M from its self-generated revenues to cover a portion of the state legacy costs.



**Numbers represent FY22 budget excluding ARPA funds*

Fringe Benefit Rate Components: SERS

The SERS fringe rate has risen dramatically over the last 22 years primarily due to the state's unfunded legacy costs.

The state's annual unfunded pension cost has increased **273% since FY11.**

SERS FRINGE RATE



Bioscience Connecticut (P.A. 11-75)

Making Connecticut a Leader in Bioscience



New Hospital Tower

169 private patient rooms; New & expanded ED; New operating suite; 400-car staff and patient garages.

*Cost: ~ \$324M
Opened: May 2016*



Education Construction

Addition/renovations to Academic bldg. Allowed for 30% enrollment growth in Medical and Dental schools.

*Cost: \$36M
Completed: May 2017*



Outpatient Pavilion

306,000 square-foot, state-of-the-art clinical building; 1,400-car parking garage.

*Private financing: TIAA \$203M
Clinic Opened: Jan 2015
Garage Opened: Nov 2013*



Jackson Laboratory

New research facility dedicated to personalized medicine, collaborating with regional universities and hospitals.

Opened: Oct. 2014

Clinical Renovations

Renovation and expansion of the Pat and Jim Calhoun Cardiology Center; Renovation of multi-specialty clinics.

Completed: May 2019

Dental Care Center

Renovation/expansion of clinical facilities for the School of Dental Medicine; 174 treatment rooms.

Completed: May 2019

Research Space Renovation

Renovated 205,000 of 280,000 square feet of existing UCH laboratories/research facilities.

*Cost: ~ \$116M
Completed: May 2017*

Incubator Lab Addition

28,000 square-foot laboratory addition to Cell & Genome Sciences Building to foster new bioscience and biotech business startups.

*Cost: ~\$19M
Completed: Jan 2016*

UConn Health Facilities Summary

UConn Health Farmington

26
BUILDINGS

REPLACEMENT
VALUE:

\$1.6B

3.7
MILLION
SQUARE FEET

210 ACRES ON
3 SITES

3
PARKING
GARAGES

**PARKING
SPACES:**

Garages:
2,300

Surface Lots:
2,940



UConn Health Deferred Maintenance Needs

UCH 2018 Facilities Condition Assessment (FCA) identified \$295M in deferred maintenance needs across three categories:*

\$119M

Recurring Deferred Renewal

Items that have not been replaced during the normal course of maintenance that have reached or exceeded their expected life (e.g., original 1970 era HVAC systems)

\$159M

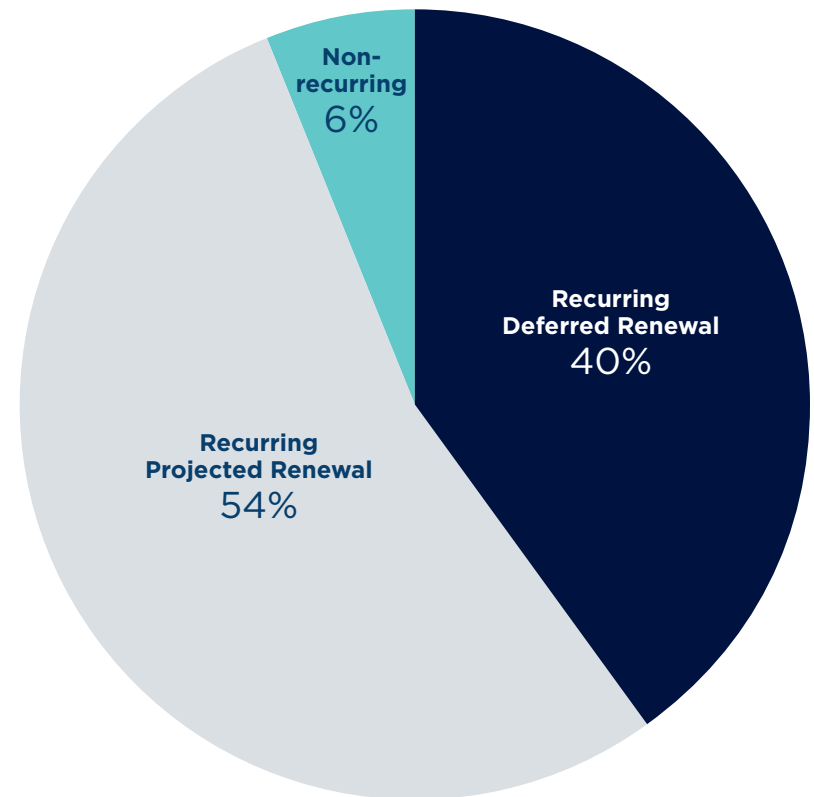
Recurring Projected Renewal

Items that during the 2018–2028 time period will “age out” and need to be replaced (e.g., roofs that are 25 years old now but will reach their 30-year life expectancy in the next 5 years and need to be replaced)

\$17M

Nonrecurring

Items that require replacement on a one-time basis (e.g., stair railings that are not code compliant and need to be replaced, but are not expected to be replaced again)



*Based on independent third-party FCA report

UCONN
HEALTH