

UConn HEALTH

Report to the General Assembly

P.A. 17-2 (June Spec. Sess.), Sec. 60

April 1, 2018

Please accept this communication as UConn Health's report made pursuant to Section 60 of Public Act 17-2 (June Spec. Sess.). That legislation reads:

Sec. 60. (*Effective from passage*) The University of Connecticut Health Center board of directors, established pursuant to subsection (c) of section 10a-104 of the general statutes, shall seek to establish public-private partnerships with hospitals or other private entities selected by the board. Not later than April 1, 2018, the board shall submit a report concerning the status of such partnerships and any recommended legislation to the joint standing committees of the General Assembly having cognizance of matters relating to higher education, public health and appropriations, in accordance with the provisions of section 11-4a of the general statutes.

We are grateful for the Governor's and Legislature's past and ongoing support of UConn Health, which has been critical to our success, growth and to the significant contributions we make to Connecticut's economy.

Introduction

UConn Health welcomes the opportunity to report on the status of our efforts to explore a public-private partnership aimed at strengthening UConn Health by continuing our journey of financial stabilization and growth.

UConn Health's efforts to prepare for the potential of a public-private partnership started three years ago with a comprehensive performance improvement plan surrounding finances and operations. We are pleased to report that these efforts, along with the recent state capital investments in our facilities, have successfully positioned UConn Health to bring value to a public-private partnership. Specifically UConn Health's costs and revenues are steadily improving and UConn Health has avoided seeking deficit funding from the state for the past decade. In addition UConn Health's Farmington campus is vibrant and state-of-the art. Having added faculty and opened a new teaching hospital, new outpatient pavilion, and newly renovated clinical space we are experiencing a significant growth in patient volume and increased market share in the Farmington Valley. The medical school and dental school are also growing and we are advancing our collaboration with The Jackson Laboratory for Genomic Medicine. Finally we have successfully attracted multiple small business start-ups to our campus and have renovated and increased our research space. All these accomplishments position us well for a potential partnership, but more importantly they advance our mission of research, education and clinical care, and they drive positive economic impact for the state of Connecticut.

Despite UConn Health's successes, we believe our long term sustainability may be best secured through an appropriate public-private partnership.

Rationale for Public-Private Partnership

UConn Health's reasons for exploring a public-private partnership are as follows:

- Provide **financial sustainability**, eliminating the potential for deficit funding from the state.
- Generate **incremental** financial support for our **academic enterprise** (including but not limited to the **clinical training** needs of our medical and dental students and research funding) and help us attract the best faculty and students to our schools.
- Further increase UConn Health's **patient volume** and **clinical revenue performance** to provide **additive financial support** to the UConn School of Medicine, School of Dental Medicine, Graduate School and research efforts.
- **Delivering on the promise of Bioscience Connecticut** by expanding research and becoming a biotechnology hub for the state.

Process & Status of Partnership Effort

I am pleased to report we have taken steps to ensure we are assembling a public-private transaction team with the right multi-functional expertise and accountabilities required for success with complex transactions. During this process and any resulting partnership, UConn Health will honor the 2017 SEBAC agreement and other current labor agreements. Steps taken and anticipated include:

Resources

- 1) **Legal:** We have engaged outside counsel to guide us through the operational and regulatory aspects of a potential transaction.
- 2) **Communications:** We have retained outside strategic communications expertise to help facilitate effective, efficient and transparent communication and engagement with our multiple constituents and stakeholder groups.
- 3) **Financial:** Shortly we expect to issue a Request for Proposals for Financial Consulting Services to ensure we have the expertise and resources necessary to understand the market we will be approaching and to manage the complexities of soliciting, receiving and analyzing any proposals, and to help us evaluate potential transactions and negotiate potential agreements.

Process

- 1) **Solicitation of Interest, June 2018:** Once the initial work of the financial consulting firm is concluded, we will work with the firm to release a Solicitation of Interest nationally and across the broadest possible range of prospects.
- 2) **Selection, September 2018:** On receiving acceptable responses to our request, we anticipate selecting a partner and beginning in-depth negotiations.

- 3) **Approval:** UConn Health Board of Directors and the University of Connecticut Board Of Trustees must approve any agreement.

Timeline

Assuming we identify a desirable partner and partnership model we are targeting substantial completion of a public-private partnership as soon as reasonably feasible. This timetable is approximate, and it will depend on the quality of proposals received, negotiations and necessary approvals. We will remain transparent throughout the process, engage all stakeholders, and only proceed if the right fit is identified.

Legislative Action

At this point we have not identified any legislation necessary to establish a partnership. As we proceed through the solicitation process we will keep the General Assembly apprised of any legislative barriers, needs or concerns that we identify.

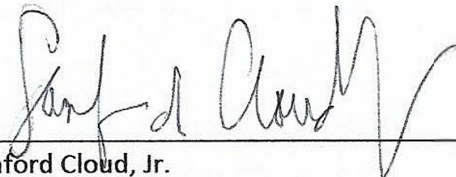
We have opened health.uconn.edu/path-forward on our website for easy access to updates and information.

As always, thank you for your ongoing support of UConn Health.

Respectfully Submitted,



Andrew Agwunobi MD, MBA
CEO UConn Health and EVP for Health Affairs



Sanford Cloud, Jr.
Chairman of the Board, UConn Health