

# UConn Health Is Pursuing A Private-Public Partnership



UConn Health, the lobby of which is seen above, released a report Monday outlining plans to pursue a private-public partnership with the aim of selecting a partner by September and beginning in-depth negotiations then. (Hartford Courant file photo)



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**U**Conn Health released a report Monday outlining plans to pursue a private-public partnership with the aim of selecting a partner by September and beginning in-depth negotiations then.

“This decision may be the most important decision that UConn Health makes in the next few decades,” said Dr. Andrew Agwunobi, who is chief executive officer of UConn Health, said in an interview Monday.

The report, which was done at the request of the **General Assembly**, says that over the past three years, financial and operational improvements at UConn Health, along with recent state capital investments in it “have successfully positioned [the complex] 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,” the report says. “In addition, UConn Health’s Farmington campus is vibrant and state of the art.”

With a new teaching hospital, a new outpatient pavilion, and the addition of more than 80 faculty members with various medical specialties, and improved marketing, Agwunobi said the complex is experiencing a significant growth in patient volume and increased market share in Farmington Valley.

At this time last year, the long-financially ailing health complex, which has a \$1.1 billion budget, faced a \$14.7 million deficit, while this year it is \$9.9 million favorable to the budget, according to UConn Health officials.

“We’re not just much stronger in overall finances and in the patient care enterprise,” Agwunobi said. “Even our medical school and dental school — they are growing, they are very successful, as is our research and the incubation of startups that we are doing here. So overall, it’s a very strong positive story that we have here.”

However, he said it makes sense to pursue a public-private partnership “to build on that success and to address potential challenges that we could be facing down the road.”

He noted that the complex has already sustained cuts in state funding with a \$16.9 million reduction in the current fiscal year and a \$14.8 million cut for next year.

“We anticipate, given the challenges in the state, more cuts to come in the future,” Agwunobi said.

In addition, he noted that there is a lot of consolidation of hospitals and health care services in Connecticut underway.

“If you’re a small academic institution, it’s important to either be affiliated with larger networks around you or to become larger yourself,” Agwunobi said, “so that you have economies of scale and you are able to develop your own network.”

The report, which was signed by Agwunobi and Sanford Cloud Jr., who is chairman of the board of UConn Health, said despite the successes of UConn Health, “[W]e believe our long-term sustainability may be best secured through an appropriate public-private partnership.”

“We haven’t chosen any particular partner at this point or any model at this point,” Agwunobi said Monday. “It is an exploration. We believe we have a lot to offer ... Having said that, if we don’t find the right partner or right partnership model, then we won’t do a partnership. We are optimistic because we have a lot to offer. We think there will be a lot of interest from parties in the state or outside of the state.”

Agwunobi said they won’t limit the potential partners to simply hospital systems. “We are interested in any health care organizations, whether that is a hospital systems, physician groups, managed care, other health care organizations that would best strengthen UConn Health and health care in this region.”

“We are being very open-minded in terms of the potential partners,” he said.

He said the health center will hire a financial consultant to ensure that they have the expertise needed to proceed and will begin in June to solicit interest in a partnership “nationally and across the broadest possible range of prospects.”

Any partnership would have to be approved by the UConn Health Board of Directors and the UConn Board of Trustees,

“At this point, we have not identified any legislation necessary to establish a partnership,” the report said, adding, “[W]e will keep the General Assembly apprised of any legislative barriers, needs or concerns that we identify.”

In 2009, the health center pursued a partnership with **Hartford Hospital**, but it fell apart for complicated reasons.

“I can’t say why that didn’t work,” Agwunobi said Monday. “I can say things are different right now. We’re a different organization ... We’re stronger in terms of our services. We now have a new teaching hospital on our site that didn’t exist in those days. So we’re a much more attractive partner.”

UConn opened its \$203 million Outpatient Pavilion in 2015 and the new \$318 million hospital tower in 2016.

Shawn Mawhiney, a spokesman for Hartford HealthCare, said in an email that the health organization “continually assesses opportunities to create effective partnerships that benefit the people and communities we serve.”

“Hartford HealthCare values its long-standing relationship with the UConn School of Medicine for the education and training of physicians at Hartford Hospital, **The Institute of Living** and **The Hospital of Central Connecticut**,” Mawhiney said.

Rep. Gregg Haddad, co-chariman of the state’s higher education committee, said Monday said the legislators asked for the report because, “We felt it was important for them to think about how they would put together a public-private partnership ... I think they were certainly receptive to the idea that they should be looking to see if there is an appropriate partner.”

Haddad said he expects it will be more challenging for UConn Health to find a partner than an ordinary hospital because, “We ask them to perform some tasks that are not really profitable programs.”

“One that comes to mind is the sickle-cell anemia program,” he said. “Tremendously important, but not a tremendously profitable program in and of itself.”