

**UT Health Center – Tyler
Compact for FY 08 – FY 09**

Mission: To serve East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

Top Priorities for FY 08 – FY 09:

- 1: Continue to implement Management Plan that was developed during summer 2006.
- 2: Implement Affiliation Plan with strategic partners.
- 3: Develop FY2008-FY2011 Strategic Plan for UTHCT.

I. Performance Summary Table and Analysis

Indicator	Past	Current	Goal	Explanation
All Sponsored Research Expenditures	\$8,453,709 (2002) \$11,420,260 (2005)	\$12,598,871 (2006)	\$14,000,000 (2010) \$20,000,000 (2014)	Increasing from current 35 to 60 basic science and clinical faculty by 2014. Includes increase of current support faculty of 1 to 5 by 2014 to assist with scientific core management and equipment.
Federal Sponsored Research Expenditures	\$2,783,554 (2002) \$4,956,399 (2005)	\$6,512,656 (2006)	\$7,500,000 (2010) \$10,000,000 (2014)	Commensurate increment in NIH awards associated with increased faculty by 2014. Assumes maintenance of current level of 89% of faculty having extramural support.
Uncompensated Health Care According to the State Definition – includes hospitals and physicians	\$24,450,670 (2002) \$38,513,173 (2005)	\$41,192,631 (FY2006)	\$28,912,494 (FY2008- FY2009)	UTHCT has implemented monthly productivity reports and has reduced its indigent care program.

II. Update Strategic Initiatives from the 2006 Compact for FY 07 – FY 08

a. Completed Initiatives

	Impact (Metrics)	Analysis	Goal	Evaluation of initiative success
1. UTHCT successfully surveyed by the Joint Commission in November 2006 with full accreditation obtained May 2007.				
2. Improve quality service satisfaction by reducing fall rate and complying with pay for performance (P4P) core indicators.	Fall rate was reduced to 2.4 by FY 2006; and attained 85%+ compliance in P4P.	National fall rate benchmark is 4.1; and P4P core indicators must be 85%+ compliant without CMS reimbursement penalty.	Medical staff training; create rapid response teams; conduct patient/system tracers.	UTHCT fall rate is below national benchmark; and UTHCT achieved 2% additional reimbursement rate for compliance with P4P core indicators.
3. Implement UTHCT Center for Healthy Aging programs by increasing patient numbers and nursing home participation	Increase in number of Senior Assessment Center patients, plus 200 patients in 11 nursing homes.	Senior Assessment Center patients increased from 381 (2005) to 6,387 (2006), plus additional 1,131 patients in UTHCT clinics.	Educational meetings in nursing homes, churches, community events, and with long-term care professionals.	Significant growth in patient visits due primarily to hiring 3 new nurse practitioners and 1 geriatrician in the Center for Healthy Aging; refining assessment process; and implementing robust marketing plan for this project. Improved growth in the total patient numbers and revenue from senior activities demonstrate success of UTHCT Center for Healthy Aging programs.

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4. Improved financial viability - from significant loss in FY 2005-06 to projected modest gain in FY 2007	FY 2006: \$16.6M indigent gross revenue; \$24.5M Medicaid gross revenue; \$13.3M bad debt expenses	Monthly productivity reports are produced that compare FTEs per department to benchmarks; monthly overtime, agency, and budget variance reports which directors are required to explain variance/month.	Indigent revenue, \$5.8M; Medicaid revenue = \$23M; Bad debt expenses = \$12M	These tools have allowed UTHCT to go from \$6.5 million loss in FY 2005, to a \$2.5 million loss in FY 2006, and a projected \$5.5 million gain in FY 2007. The measure of success is improvement in UTHCT's financial index.
5. Increased UTHCT patient base in Kilgore and Gilmer and in emergency room	Net patient revenue: \$68,057,033, FY 2006; \$70,799,413, FY 2007 projected year end	UTHCT pulmonologist in Kilgore clinic; cardiologist and gastroenterologist in Gilmer clinic; and renovated ER with revised marketing campaign.	5% increase in clinical revenue	Monthly financial report indicates growth of 5% or more in clinical revenue.

b. Ongoing Initiatives

	Impact (Metrics)	Analysis	Goal	Next Steps
1. Continue strategic educational alliance between UTHCT and UT Tyler resulting in joint graduate and undergraduate schools in health and biotechnology	FY 2007, CLS program with UTT has 7 students	UTHCT signed 1-year contract with UT Tyler to support CLS degree offered by UTT and UTMB; plus UTHCT completed community health needs assessment and plans to pursue resulting academic health-related degrees/programs.	UTT contract beyond FY 2007 is TBD; degree-granting authority by THECB; and accreditation by SACS	Specific measurement of progress toward degree-granting - TBD.
2. Continue a prestigious research program	Sponsored research: \$12,498,871 (2006)	With anticipated doubling of faculty, UTHCT can maintain productivity levels.	Sponsored research: \$20,000,000 (2014)	Growth in research expenditures in specific focus areas of lung injury, infectious lung diseases, and cancer.
3. Finalize expansion of infrastructure to support education, research, patient care, & beautification of campus	\$21,120,000 TRB for UTHCT Academic Center	With TRB and donation of land in Tyler, center will support expanded residency program with additional patient and teaching space.	More academic and clinical visibility in East Texas	Achieve new educational and research facilities.

III. New Strategic Initiatives

Initiative, Rationale, & Strategy	Expected Impact (Metrics)	Goal	Specific Steps in 07-08, 08-09
1. Implement affiliation agreements with strategic partners to expand residency training programs and clinical programs so that medical education opportunities in East Texas are greatly enhanced.	Doubling of family medicine training program.	Academic visibility to identify additional teaching hospital	1. Finalize agreement with primary affiliate and pursue program and operational specifics. 2. Hire COO. 3. Produce strategic planning document.
2. Develop UTHCT strategic plan (FY 2008-10)			1. Complete affiliation process. 2. Develop long-range plan with clinical partners. 3. Continue implementing UTHCT financial recovery plan.

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IV. UT System Strategic Plan Initiatives

a. New Clinical Programs/Products

Two Product Lines: 1. Thoracic oncology, as well as other diseases of the chest. Hired an oncologist for UTHCT who will start 9/1/07. Developing relationship with a pulmonologist in Paris, Texas, and Mt. Pleasant, Texas, with the goal of entering into an affiliation. Comprehensive marketing/promotional campaign under development. 2. Cardiology - Current cardiology marketing campaign that is bearing fruit.

b. Financial Management Plan

UTHCT had net loss of -\$6.5 million during FY 2005 and a net loss of \$2.4 million during FY 2006. Due to employee reductions of 250 FTEs (21%), indigent control policies, investment in revenue cycle software (which resulted in increased reimbursement), and the elimination of non-productive programs, UTHCT is expecting a net profit of \$5.5 million for FY 2007. In addition, the institution's cash balance is expected to surpass the previous highest balance which occurred in FY 2004 after a one-time \$4 million gift.

c. Information Security Plan

Several major information security initiatives planned for the 2008 – 2009 timeline include:

- Implement whole-disk encryption for mobile devices storing confidential University data
- Complete network penetration test
- Purchase and implement an intrusion prevention system
- Purchase and implement an enterprise outbound email security solution

V. System Contributions and Investments

1. UT System Funding of UTHCT Aging Projects (\$2 million 2 years ago);
2. \$350K awarded (UTS Collaboration Fund) in March 2007 to UTHCT for small animal CT scan to support studies of lung function and lung injury.

VI. Faculty Positions Projected to 2010

Field	FY 06	FY 07	FY 08	FY 09	FY 10	Total FY 06 – FY 10
Medical/Health	71	60	60	62	64	317
Other	34	35	37	39	41	186
Total	105	95	97	101	105	503

Please Note: The numbers above are totals and not how many new faculty.

VII. Status of Campus Strategic/Long-Range Plan: Under initial development stage.

VIII. Campus Consultation to Develop Compact: The UTHCT Office of the President conducted individual, selected meetings with key faculty leaders to discuss previous Compacts and the elements of the FY 2008-09 Compact, in accordance with the new UT System Compact template. These faculty provided meaningful input and were instrumental in the development of UTHCT's FY 2008-09 Compact.

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IX. Budget

Operating Budget - Fiscal Year Ending August 31, 2007					
	FY 2005	FY 2006	FY 2007	Increases (Decreases)	
	Actual	Adjusted	Operating	From 2006 to 2007	
		Budget	Budget	Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	6,929,446	10,246,687	11,930,242	1,683,555	16.4%
State Sponsored Programs	1,039,427	1,244,793	1,126,409	(118,384)	-9.5%
Local and Private Sponsored Programs	7,173,758	2,759,046	3,064,788	305,742	11.1%
Net Sales and Services of Educational Activities	2,014,109	4,416,889	4,409,064	(7,825)	-0.2%
Net Sales and Services of Hospital and Clinics	47,420,792	48,878,615	42,972,776	(5,905,839)	-12.1%
Net Professional Fees	11,253,679	11,295,074	11,568,530	273,456	2.4%
Net Auxiliary Enterprises	545,993	234,605	202,797	(31,808)	-13.6%
Other Operating Revenues	965,356	602,225	-	(602,225)	-100.0%
Total Operating Revenues	77,342,560	79,677,934	75,274,606	(4,403,328)	-5.5%
Operating Expenses:					
Instruction	8,563,645	5,044,181	4,522,915	(521,266)	-10.3%
Academic Support	-	-	-	-	-
Research	9,706,865	13,965,060	15,033,139	1,068,079	7.6%
Public Service	-	-	-	-	-
Hospitals and Clinics	83,303,250	84,083,987	76,213,990	(7,869,997)	-9.4%
Institutional Support	10,201,170	8,821,331	7,055,427	(1,765,904)	-20.0%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	6,104,686	5,717,737	7,925,497	2,207,760	38.6%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	1,166,612	211,705	225,469	13,764	6.5%
Depreciation and Amortization	7,668,576	7,233,612	8,008,483	774,871	10.7%
Total Operating Expenses	126,714,804	125,077,613	118,984,920	(6,092,693)	-4.9%
Operating Surplus/Deficit	(49,372,244)	(45,399,679)	(43,710,314)	1,689,365	-3.7%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF	34,714,835	39,095,121	38,952,683	(142,438)	-0.4%
Gifts in Support of Operations	5,149,343	569,461	1,277,853	708,392	124.4%
Net Investment Income	3,267,893	2,585,299	2,780,079	194,780	7.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	43,132,071	42,249,881	43,010,615	760,734	1.8%
Transfers and Other:					
AUF Transfers Received	-	-	-	-	-
AUF Transfers (Made)	-	-	-	-	-
Transfers for Debt Service - Interest	(664,492)	(951,704)	(903,225)	48,479	-5.1%
Total Transfers and Other	(664,492)	(951,704)	(903,225)	48,479	-5.1%
Budget Margin (Deficit)	(6,904,665)	(4,101,502)	(1,602,924)	2,498,578	-60.9%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	4,477,708	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	780,262	10,799	11,123	324	3.0%
Additions to Permanent Endowments	141,314	-	-	-	-
Transfers for Debt Service - Principal	(680,324)	(1,560,000)	(1,277,000)	283,000	-18.1%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	9,207,710	6,286,115	6,307,060	20,945	0.3%
SRECNA Change in Net Assets	\$ 7,022,005	635,412	3,438,259	2,802,847	441.1%
Total Revenues and AUF Transfers	\$ 120,474,631	121,927,815	118,285,221	(3,642,594)	-3.0%
Total Expenses (Including Transfers for Interest)	(127,379,296)	(126,029,317)	(119,888,145)	6,141,172	-4.9%
Budget Margin (Deficit)	\$ (6,904,665)	(4,101,502)	(1,602,924)	2,498,578	
Reconciliation to Use of Prior Year Balances					
Depreciation		7,233,612	8,008,483		
Capital Outlay		(3,100,000)	(3,500,000)		
Transfers for Debt Service - Principal		(1,560,000)	(1,277,000)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(1,527,890)	1,628,559		

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X. Data Summary

<i>academic year</i>				02-03	03-04	04-05	05-06
Accredited resident programs				2	2	2	2
Residents in accredited programs				24	23	24	24

<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006
Federal research expenditures	\$2,807,980	\$3,063,099	\$2,783,554	\$3,493,251	\$4,659,021	\$4,956,399	\$6,512,656

<i>academic year</i>	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Faculty	102	112	119	110	107	106	97
Administrative		63	76	80	50	46	37
Other, Non-Faculty		1,095	1,041	1,062	1,110	1,035	836
Student employees		14	13	11	8	10	10

<i>fiscal year</i>	1999	2000	2001	2002	2003	2004	2005
Hospital admissions	3,504	3,714	3,554	3,805	3,765	3,369	2,901
Hospital days	28,163	29,802	29,451	29,021	26,942	24,789	19,090
Outpatient visits	126,585	132,772	135,978	140,473	119,515	114,968	114,208
Un-sponsored charity care - physicians only	\$2,619,752	\$3,261,170	\$4,992,457	\$5,405,720	\$6,814,083	\$7,008,950	\$8,695,101

<i>as of</i>	8/31/2000	8/31/2001	8/31/2002	8/31/2003	8/31/2004	8/31/2005	8/31/2006
Endowment total value	\$33,791,000	\$29,465,000	\$26,136,000	\$28,288,000	\$31,729,000	\$36,271,000	\$39,108,000