ACADEMIC HEALTH CENTER FACULTY ASSEMBLY

July 30, 1998

Minutes of the Meeting

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Academic Health Center; none of the comments, conclusions, or actions reported in these minutes reflect the views of, nor are they binding on, the Administration or the Board of Regents.]

The Academic Health Center Faculty Assembly is composed of members of the AHC Faculty Consultative Committee and elected faculty and academic professional representatives of the AHC's constituent colleges and schools who are members of the University Senate. At any regular or special meeting of the Assembly, a majority of its members shall constitute a quorum.

Senior Vice President Frank Cerra called the meeting to order at 12:00 noon.

I. University of Minnesota Academic Health Center Legislative Request

Dr. Cerra began the meeting by distributing an outline of the University of Minnesota Academic Health Center's legislative request. He then went on to state that the president has been very willing to help solve the problems of the AHC.

The biggest problem in the AHC relates to health professional education and its financing. President Yudof has agreed to make that issue one of the cornerstones of the University's legislative biennial request for 1999-2000. The requests under the cornerstone will include compensation, the undergraduate small tutorial program, and health professional education. Although there are more items on the list, the final request can only include three or four major pieces.

The AHC is requesting $200 million over the current base to finance this request. The rules on base budgets stipulate that three percent can be added to the base without question, but anything beyond that must be a supplement for the biennial period. The administration has begun to realize that the AHC has been under funded with state resources. Although it is not a surprise to the AHC, it has become more apparent to the administration as the other revenue sources have depleted.

Grants Management has informed the administration about the NIH and how the AHC must fund that in a setting where direct and indirect costs do not equal the cost of research performance. The money that fills the gap for research and education often comes from the clinical revenue. Although clinical revenue is not decreasing, productivity has been increased by twenty-five to forty percent in order to keep it stable so the same revenue stream and pay community-competitive salaries can be maintained. However, clinical departments must also find time to perform research so they remain eligible for the $85 million of NIH funding.

The AHC has considered the status of professional programs since Medicare has drastically altered the funding for these programs. Because of this, the AHC has looked at the different types of graduate students in all of the AHC fields and what the funding sources are for these various groups. By law, Medicare pays hospitals for direct and indirect expenses of graduate medical education. It does not pay for outpatient training except in the primary care and psychiatry fields. Medicare is cutting $120 billion out of its cost base over the next five years and $20 billion of that money will come out of the medical education support budget. This cut means that Minnesota will lose $40 million a year for the next five years and the University of Minnesota will lose $15-20 million in that same time period. In all, there will be a $100 million deficit that is spread around the hospitals that are in the affiliate systems to deal with.

The School of Pharmacy has already begun to shift its paradigm into a community education program. In so doing, community physicians are being paid to teach professional students. This will begin to happen all over because the pro-bono work done by community physicians adds about $45,000 per year to the cost of graduate medical education and health systems and physicians are asking to be paid for that service more and more. A study conducted in the CUC Clinic found that if there is a student or resident in the clinic, the clinic will see one less patient per hour. If this figure is converted to educational contact hours, the clinics and physicians' lost revenue is forty-five to sixty dollars per hour.

All health care professions are being questioned to determine what public good comes from using public funds to train health care professionals. The answer to this question will help Medicare determine if more funding should be cut.

Vice President Cerra has been meeting with the health systems for the past seven months and each of them wants to pay their fair share in Minnesota. Payments will be made if the AHC is willing to accommodate some of their input into how many people should be trained and what type of training they should receive. The health systems believe the AHC should be

teaching more about information systems, basic business skills, and public health tools. The health systems have also stated that because those skills are currently not taught, the cost is shifted to them because they have to teach it.

The State trust fund for health professional education only has $5 million of funding that is recurring. Therefore, the AHC has been taking the educational component of the Medicaid per member per month rate that Medicare pays and has been putting it into Merck. However, the AHC was only able to do this for one year. As well, it will be difficult for the AHC to put more money into Merck this year because everyone in the Legislature is set on tax rebates, which will affect the $5 million that is recurring, Sr. VP Cerra explained.

Considering the demographics of Minnesota, the year 2010 is the peak age shift of the population resulting from the baby boomers getting older. Half of Minnesota's population will be retired in the next ten years and it is not certain who will be able to take care of them. The emergence of more chronic diseases makes this a health care issue because it will require a major increase in the level and cost of care.

Thirty-five percent of the Medical School's budget comes from physician revenue. In other words, $40 million per year of the money that supports medical education and research comes from physician fees. Currently, Medicare is attacking those physician fees.

It is estimated that the entire AHC will have a deficit of $300 million by the year 2005. In order to drive the deficit down, the AHC is developing a program to present to the legislature that will bring money into the AHC schools that will pay for educational work and new programs that are needed to develop new curriculum.

Ohio State has conducted a study that investigated the operating budget of clinics that teach versus primary clinics that do not. There is a thirty-six percent difference between the two. And, although the difference cannot be completely contributed to education, it is associated with the presence of educational work. The study also showed that no more than twenty to forty percent of the cost is reimbursed.

The document Vice President Cerra distributed at the beginning of the meeting is the first draft of the case statement and plan for the legislative request. The draft is a result of several meetings and much work done by many different people. It has already been presented to the Medicare Commission. That group asked if the AHC expected Medicare to solve the money problem alone and the reply to that was no. The problem is a public policy issue so the money should come from federal, state, and health system funds.

The document has also been shown to key legislators on the higher education committees as well as the governor's office. However, a major election is coming up so the views of the governor and legislature may be very different.

The major challenges that have been outlined in the document are due to the changes in the health care system combined with the new Medicare legislative agenda. The changes have placed additional demands on the health professional education system; precipitated a financial crisis by shifting responsibility for funding; created the potential for higher costs; reduced the ability to serve rural areas; and disadvantaged institutions which have already expanded primary care, reduced numbers of specialists, and improved training for nurses and pharmacists.

The document also outlines opportunities for the AHC that have been formed into two objectives. The first objective is to ensure an adequate supply of highly skilled professionals for Minnesota, which can be fulfilled by strengthening the health education program and stabilizing funding for graduate health education. The second objective is to enhance community-based and population-based care. This will be done by developing and expanding successful models across the state; conducting health services and outcomes research; conducting research on chronic and addictive conditions; improving access to health information, and expanding support for agriculture.

Vice President Cerra concluded his discussion by explaining how the legislative request ties into the tobacco issue. The core of the tobacco money is to be used on tobacco prevention and after that there is only about $750 million left and that money must incorporate the stipulations set by the last legislature. As well, if the residual of the tobacco money goes into the general fund, the triggers will be surpassed and cash will be distributed instead of bonds as stipulated under the bonding bill.

The demand on the tobacco money is enormous and there is only about $600,000 available, but the legislature would like to use that for tax rebates. Goals the AHC has set in order to get some of that money include developing a smoke-free coalition with the health professions to get as much of that money into the health care industry as possible. Another goal is to develop a trust fund that generates longevity in funding for research and education programs related to tobacco and other related addictive illnesses. The success rate estimates that the AHC has a one in fifteen or twenty change of receiving some of that money.

The AHC has to develop a persuasive method of requesting money so legislators who have the power to make the appropriations will do so. Statistical arguments will have to be used instead of simply stating facts and it has to be something everyone can take back to their constituents. Hopefully, the document will show that the health profession schools will suffer in a few years if funding is not secured now.

Comments:

- The National Association of Children's Hospitals is beginning to develop a coalition to argue that dollars for residents should follow residents and not hospitals. This model would be acceptable for the AHC as long as there is a provision to pay for the necessary educational support systems.
- Resident education produces an enormous cost because of the physicians asked to teach them and the required documentation, but Medicare claims these are paid for with a sufficient amount of money through the indirect medical costs of education.
- Medicare only wants to train primary care physicians, cut the number specialists by twenty-five percent, and control the work force by limiting the number of slots they will pay for.
- Medicare reimbursement for education has no cost inflation factor for salaries so the AHC is not only losing the money they are withholding, but it is also losing the inflation rate that will increase twelve to fifteen percent in the next five years.
- The AHC will not be impacted by Medicare's decision until 2000 because a coalition has worked at making sure all programs will be supported through that year.
- Under the first objective of the opportunity section of the legislative request document, stabilizing the funding for graduate health education does not cover all groups so "graduate" will be removed from the statement.
- Health education may not be the appropriate term to use in the document because it is not clear what is meant by it.
- Instead of the last bullet stating that there will be support for agriculture, it should state that veterinary medicine education will be supported since that is what the bullet really means.
- The reason agriculture is mentioned in the document is because rural residents want to see a relationship between health and agriculture since they want better access to health professionals for themselves, their animals, and their crops.
- Changing the last bullet to support of agricultural health may make it clearer.
- Any wording changes should be sent to Chris Roberts who works with AHC public relations.
- It would make more political and economic sense to combine the first two parts of the document.
- It cannot be emphasized enough just how important the AHC is and that once it is gone, it will be gone forever.
- This is the best time for the AHC to explain the connection between education and research since is not understood or appreciated by most.
- It may not be appropriate to include Medicare in the document because there is a much larger issue at hand besides receiving funding through Medicare.
- The AHC should look at other legislative initiatives to support the education of health professions because it will not be coming from Medicare much longer.

II. Procedures for Post-Tenure Review

Professor Bland was called upon to discuss the procedures for the post-tenure review process that will be implemented this upcoming academic year. She was representing Professor Mary Dempsey who has worked closely with this project, but was unable to attend the meeting.

She began by asking the group to take the latest version of Professor Dempsey's letter back to their respective colleges and offer feedback so the final form of the letter can be distributed at the next meeting. The letter is meant to be a guidance tool for departments in order to help them implement the post-tenure review policy approved by the Faculty Senate last year.

She directed the group to the table at the end of the letter, which is a summary of what needs to be done in regards to post-tenure review. The group was reminded that, by fall quarter, each department must develop goals and expectations for faculty once they are tenured and a process for to review if the goals and expectations have been met. These things must be developed in time for reviews to begin taking place next spring.

Once the reviews start, and the reviewing panel finds a faculty member who has not met the outlined goals and expectations, an agreement would be developed between the faculty member and the department head that the faculty member would work towards improvement by the following year. If the faculty member has not shown improvement by then, the review committee will consider actions that should take place.

Comments:

- It would be helpful to have a letter that allows departments to keep the post-tenure review process separate from faculty performance and salary increase reviews.
- It is not clear why post-tenure reviews should be done annually because that would only create very general reviews that would not be helpful.
- There are three processes that review faculty and they include post-tenure review, an annual performance review, and an annual compensation review.
- Schools have the option of linking the various reviews in any manner they see fit in regards to the process and the make-up of reviewing committees.
- The Tenure Code states that post-tenure review is an exceptional situation and the post-tenure review document drafted by the Tenure Subcommittee is intended to set the process in place if that kind of situation arises.
- When a department decides post-tenure review should take place, they have to decide how the faculty member needs to improve and then they have to provide help for that person to achieve it.
- It is possible for the annual merit review, either with or without the compensation review, to be the same process that initiates the post-tenure review mechanism.
- The Compensation Policy stipulates that each academic unit is required to review the performance of each faculty member every year.
- Each faculty member is reviewed annually after they receive tenure so they do go through an annual post-tenure review, but this review is different then the post-tenure review that is a specific process outlined in the Tenure Code.
- If faculty members receive merit compensation, it would be difficult to say that they are not functioning well as a faculty member.
- Under the post-tenure review process, department heads will no longer determine compensation since reviewing committees would ultimately make that decision.
- It was suggested that this issue be held over until the next meeting so the appropriate policies and people can be available to help in the discussion of this issue.
- The post-tenure review is one of the most important issues to be presented to the faculty in many years so it should be faculty driven and help improve the quality of schools.
- This group should consider whether there should be a uniform post-tenure review process across the AHC or if colleges should be able to develop their own.

The meeting was adjourned at 1:20 p.m.

Nicole Boldt

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