

UNM Health Sciences Center

FY 2019 Preliminary Budget Planning Scenario



Health Sciences Center Academic Budget Scenario Guidelines

- Operational planning and financial budgeting must be integrated with strategic planning and individual performance plans
- As always, revenue generating units receive all of their generated revenue and are fully responsible for budgeting their direct expenses as well as indirect institutional support taxes
- All Units must deliver a balanced budget using reserves for approved one-time expenses only
- For FY19 the Colleges and Schools will not need to use one-time reserves to mitigate tuition retained for the Main Campus budget
- Administration reserves will be used for FY2019 only, to cover \$1.775 million tuition retained for the Main Campus Budget

UNM Health Sciences Center

FY19 Appropriation Detail

FY 19 Projected Institutional Detail (General Fund \$ in thousands)	FY18	FY19	FY19	FY19	FY19	\$	%
Agency/Institution/Program	GF Approp	GF Increase	Compensation 2% plus fringe benefits	Non-recurring appropriation	Final Appropriation	Change from FY18 to FY19	Change from FY18 to FY19

UNM Health Sciences Center

I &G	57,201.1	0.0	1,063.0	0.0	58,264.1	1,063.0	1.9%
Office of Medical Investigator	4,707.2	500.0	106.2	475.0	5,788.4	1,081.2	23.0%
NEW – UNM Bioscience Authority	-	250.0	0.0	0.0	250.0	250.0	VETO
Cancer Center	2,469.5	0.0	79.5	0.0	2,549.0	79.5	3.2%
Carrie Tingley Hospital	4,888.8	0.0	312.3	0.0	5,201.1	312.3	6.4%
Children's Psychiatric Hospital	6,692.2	0.0	384.4	0.0	7,076.6	384.4	5.7%
General Surgery/Family Medicine Residencies	307.7	0.0	32.4	0.0	340.1	32.4	10.5%
Graduate Nursing Education	1,514.7	0.0	0.0	0.0	1,514.7	0.0	0.0%
Hepatitis C Comm. Health Outcomes	2,017.2	0.0	28.9	0.0	2,046.1	28.9	1.4%
Internal Medicine Residencies	980.4	0.0	0.0	0.0	980.4	0.0	0.0%
Native American Health Center	252.0	0.0	3.7	0.0	255.7	3.7	1.5%
Native American Suicide Prevention	91.4	0.0	1.4	100.0	192.8	101.4	110.9%
Newborn Intensive Care	3,074.3	0.0	71.6	0.0	3,145.9	71.6	2.3%
Nursing Expansion	1,012.3	0.0	0.0	0.0	1,012.3	0.0	0.0%
Pediatric Oncology	1,196.1	0.0	24.8	0.0	1,220.9	24.8	2.1%
Poison Control Center	1,456.2	0.0	36.8	88.8	1,581.8	125.6	8.6%
Psychiatry Residencies	370.1	0.0	0.0	0.0	370.1	0.0	0.0%
Health Sciences Total	88,231.2	500.0	2,145.0	663.8	91,540.0	3,558.8	3.8%



UNM HSC – Academic Revenue Scenario

	<u>SOM</u>	<u>CON</u>	<u>COP</u>	<u>CoPH</u>	<u>Admin</u>	<u>Total</u>
Regular Tuition Generated						
<i>(after amount retained for Main Campus budget)</i>						
FY19						
Tuition generated in FY18	4,439,200	3,475,400	3,140,700	589,800	0	11,645,100
Amount retained for Main Campus budget, one-time funding from HSC reserves					(1,775,300)	(1,775,300)
FY19 Net Reimbursed Tuition	<u>4,439,200</u>	<u>3,475,400</u>	<u>3,140,700</u>	<u>589,800</u>	<u>(1,775,300)</u>	<u>9,869,800</u>
FY18						
Tuition generated in FY17	4,292,000	3,386,300	3,195,500	446,200	0	11,320,000
Amount retained for Main Campus budget	(907,900)	(701,100)	(697,000)	(69,300)		(2,375,300)
FY18 Net Reimbursed Tuition	<u>3,384,100</u>	<u>2,685,200</u>	<u>2,498,500</u>	<u>376,900</u>	<u>0</u>	<u>8,944,700</u>
<i>Net Increase/(Decrease)</i>	<u>1,055,100</u>	<u>790,200</u>	<u>642,200</u>	<u>212,900</u>	<u>(1,775,300)</u>	<u>925,100</u>
State Formula Funding						
FY19	2,935,900	2,918,300	2,776,200	19,900	0	8,650,300
FY18	2,767,800	2,906,800	2,744,500	12,400	0	8,431,500
<i>Increase/(Decrease)</i>	<u>168,100</u>	<u>11,500</u>	<u>31,700</u>	<u>7,500</u>	<u>0</u>	<u>218,800</u>
F&A Revenue Generated (Before Top Slice Expense)						
FY19	20,582,700	303,100	1,821,900	347,400	1,944,900	25,000,000
FY18	20,530,700	206,400	1,702,300	0	1,860,600	24,300,000
<i>Increase/(Decrease)</i>	<u>52,000</u>	<u>96,700</u>	<u>119,600</u>	<u>347,400</u>	<u>84,300</u>	<u>700,000</u>
New FY19 Revenue by Unit	1,275,200	898,400	793,500	567,800	(1,691,000)	1,843,900



UNM Health Sciences Center Academic

FY 2019 1% Salary Increase plus Fringe

	School of Medicine	All Other HSC	Total HSC
1% Salary Increase			
Faculty	\$1,958,058	\$234,404	\$2,192,462
Staff	709,995	314,328	1,024,323
Unrestricted Comp	<u>\$2,668,054</u>	<u>\$548,731</u>	<u>\$3,216,785</u>
Funding from State			
I&G Comp	\$666,390	\$396,610	\$1,063,000
RPSP Comp	315,300	40,800	356,100*
Total	<u>\$981,690</u>	<u>\$437,410</u>	<u>\$1,419,100</u>
Funding required in excess of Appropriation	(\$1,686,364)	(\$111,321)	(\$1,797,685)



* Does not include \$696,700 new compensation funding for CTH and CPH

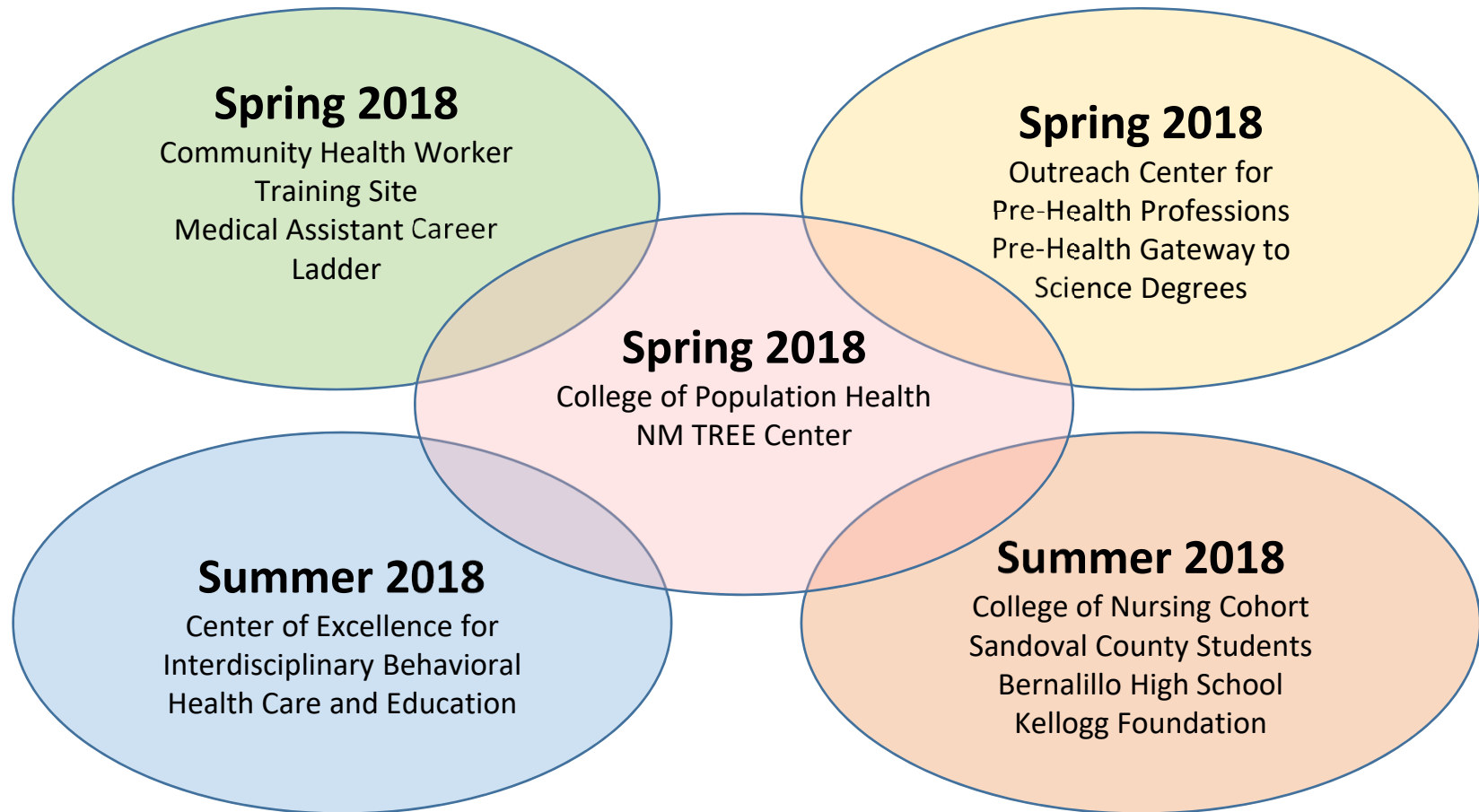
UNM HSC – Academic Expense Scenario

FY 2019 Institutional Support & Top Slice

	FY17	FY18	FY19 Approved New Costs	FY19
General Institutional Support	20,769,959	20,769,959	-	20,769,959
Top Slice Support to I&G	4,887,800	4,909,600	104,400	5,014,000
Top Slice Direct to Research	7,608,250	7,645,400	355,600	8,001,000
Total Top Slice	12,496,050	12,555,000	460,000	13,015,000
Total Institutional Support and Top Slice	<u>\$ 33,266,009</u>	<u>\$ 33,324,959</u>	<u>\$ 460,000</u>	<u>\$ 33,784,959</u>

- General Institutional Support costs will not increase for the 3rd year. Savings in Administrative units are funding unavoidable increases. Examples of costs include Executive, Legal, Finance, HR, Marketing, Utilities, Maintenance, Janitorial, etc.
- Top Slice costs are the support costs to fund the HSC Research Mission which are Research Compliance, Animal Facilities, Radiation Safety, Core Service Facilities, etc., as well as the Research Mission’s share of general institutional support costs.

One New Funding Priority FY19 UNM West Phase 1 Initial Programs- Building #1



New Funding Priority

UNM West - Additional Considerations

- UNM Main Campus Courses : (248 Students)
 - *English, History, Psychology, Sociology, Spanish and Special Education*
- Food Service:
 - *Exploring the possibilities of Aramark providing food services at UNM West*
- Challenge: Public Transportation
 - *UNM SRMC Shuttle*
 - Hire driver through UNM Hospitals shuttle services program?
 - *Rio Metro / Bus Transportation*
 - *Rail Runner pass (1/2 for students – can we solicit 1/2 for faculty?)*

- *Funding for this new priority for the HSC comes from Institutional Support Taxes & individual unit funding*

UNM Health System Budget Scenario Guidelines

- Operational planning and financial budgeting must be integrated with strategic planning and individual performance plans
- As always, revenue generating units receive all of their generated revenue and are fully responsible for budgeting their direct expenses as well as indirect institutional support taxes
- Increase the Medicare Advantage & Medicaid Value Based Care initiatives
- Reduce Severe Patient Harm Events (SPHEs)
- Budget a positive Health System net margin

UNM Health System Key Considerations for the Clinical Budget Scenario

- Modern Medical Facility
- Community-based clinics – Primary Care Access
- Value Based Care – Centennial Care 2.0 and Medicare Advantage
- MISSION: Excellence
- Quality and Safety
- Cost of Care – Efficiency
- SRMC Clinical Reprogramming
- Additional Clinical Partnerships

Revenue Scenario

UNM Health System

Reimbursement Considerations

- ❑ *Overall reduction in reimbursement per unit of care*
 - Medicaid
 - Reduced contract rates
 - Reduced enrollment
 - Commercial
 - Contract and enrollment reductions
 - Increase in Uncompensated Care
 - Individual mandate elimination
 - Reduced Medicaid enrollment

Expense Scenario

UNM Health System Considerations

Control and Efficiency

- FTEs in alignment with volume changes
 - Compensation significantly behind market
 - A 1% increase is roughly \$5 million
- Medical Supplies/Pharmaceuticals & Contract Services
 - 2% to 3% increase or roughly \$8 million