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Health Sciences Division
Report to Faculty Senate 4-21-09 (Revised for 11-3-09)

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The Health Sciences Division (HSD) is comprised of the Brody School of Medicine, College of Allied Health Sciences, College of Nursing, School of Dentistry, and the Laupus Health Sciences Library. The East Carolina Heart Institute, Metabolic Institute, Center on Aging, and Center for Health Services Research & Development along with some other entities also report to the HSD. In conjunction with our primary clinical partner, PCMH, we are classified as an Academic Health Sciences Center, one of about 100 similarly designated institutions nationwide. Additionally, it is important to restate that ECU does NOT own the hospital and even though their corporate umbrella is named "University Health Systems" this does not equate to ownership by the "University". The hospital is a separate institution with its own governing board. There seems to be continuing misunderstanding about this fact among the general public, but I think it is important that the ECU community be aware of this reality. ECU has a long term (20 yr) affiliation agreement with the hospital and the BSOM does receive financial support from the hospital through contractual arrangements in which the hospital purchases, at fair market value, medical services provided to the hospital by ECU's physician faculty. Last year this amount was approximately \$30M. Federal laws prohibit the "gifting" of dollars from the hospital to the Medical School.

Funding for the HSD is somewhat different from the remainder of ECU in that funding for the Colleges of Allied Health Sciences & Nursing, and the MPH program are funded through the Enrollment Growth Funding Formula (16065 budget code) along with the remainder of ECU's East Campus. The BSOM, School of Dentistry, and the Laupus Library are funded through a direct and fixed legislative allocation in a separate budget code--# 16066. The PhD programs in BSOM were recently added to the enrollment growth funding formula but the majority of their funding remains 16066 state dollars. Medicine and Dentistry are considered as "Off Formula" funded and thus receive no direct dollars from enrollment growth. Several other disciplines in the UNC system are similar—Law, Vet Med, Pharmacy, etc. Another item for information—the BSOM's all funds budget is approximately \$200M/yr with ~\$48M from State appropriations and ~\$130M from Revenues generated by ECU Physicians, the multi-specialty physician clinical practice (patient care). This is a business being run by the Medical school and is a requirement for its teaching, research and service missions. In addition, the BSOM has about \$30M in grants and contracts.

Over the course of the past decade when programs funded through enrollment growth received new dollars sufficient to offset budget cuts imposed by the State, the BSOM participated in annual budget cuts but did not participate in the infusion of new dollars from the enrollment growth. The cumulative impact has been a loss of over \$34M of permanent funds from the Medical school's State funding. Obviously, this magnitude of loss is substantial forcing the School's leadership to shift many legitimate and essential

academic costs from State funding to the Practice Plan, contributing in part to the depletion of reserves and a near desperate financial condition of the Practice which became evident about 3 years ago. We have been engaged in a financial turnaround for ECU Physicians since that time. Despite great progress in this effort to date including a balanced budget for this current year, Dr. Cunningham and his leadership team will be continuing this work for some time to come. Of current concern is the potential impact of federal health care reform proposals. Most contain reductions in reimbursements from Medicare and Medicaid. Since this group represents nearly 40% of the patient population of ECU Physicians, the financial impact could be disastrous.

Setting Salaries in HSD:

Several folks have asked me to share with you some information about how we set salaries in the HSD specifically the BSOM and funding sources for faculty salaries. We use the AAMC salary benchmarks for Medical Schools in the USA to determine salaries. These salary tables provide mean, median and mode data; 25%, 50%, 75% ratings; and are broken down by medical specialty, professorial rank, area of the country, and several other variables. Thus, the School can determine a salary comparable for a physician in endocrinology, general surgery, pediatric hematology, maternal fetal medicine, sports medicine, etc. Salaries for physician faculty vary greatly by medical specialty. We also get salary comparative data for life sciences faculty. The School strives to set and maintain salaries at the 50% of AAMC comparables but in reality many of the BSOM faculty fall well below this goal. For example, most of our life scientists are below the 25%, with many receiving compensation for a 12 month appointment BELOW the 9-month salary of their East campus colleagues in the Sciences. Those who have salary support from grants are split funded in a similar way as East Campus. For physician faculty whose role includes "patient care" the salary is generally funded totally or partially from patient care revenues or PCMH contracts through ECU Physicians. Many of our physician faculty receive very few dollars from State sources and some get none at all!!! Salaries for physician faculty are market driven and must be competitive for retention. Virtually all our physician faculty have multiple outside opportunities for employment in this geographic area and elsewhere. Thus retention on our faculty is a high priority.

A few examples of physician faculty salaries in BSOM (anonymous):

Total salary:	\$450,000	—State funded portion	\$0
	\$386,150	---State funded portion	\$16,850
	\$478,100	---State funded portion	\$40,700
	\$190,000	---State funded portion	\$26,500

It has also been rumored that we have been awarding large bonuses to Department Chairs in BSOM. This is another false rumor. ECU Physicians does have a Clinical Faculty Compensation Plan which allows incentives, i.e., supplemental pay, bonuses, for highly productive clinical faculty largely based on work RVU's as defined by AAMC. No

"bonuses" have been awarded to Department Chairs in recent months even though we have awarded some incentives to faculty.

The other units in the HSD also use national salary benchmark data from AACN, AHC, and other organizations in determining comparables and setting salaries rather than CUPA data which are used more commonly in non-health sciences areas. Another factor in salary setting in HSD is that all of Allied Health Sciences, Medicine, and Dentistry faculty and about 50% of the Nursing faculty are on 12 month appointments. This is necessitated by the year round need for clinical services in addition to year round academic programs to meet regulatory requirements and remain competitive with similar programs across the country.

For some time now, I have heard concerns being expressed about the "East campus" funding "Medicine". I have not been able to discover the exact origin of these questions. I want to assure this group that nothing could be further from the truth. In fact, there are a number of firewalls (including Dr. Sheerer and the Deans) which prevent this from occurring. There are some positions (~7) that have been allocated to the BSOM for teaching courses for non-BSOM students. And of course, as mentioned earlier positions to support the MPH program and PhD programs are in BSOM but these are generated from the enrollment growth funding formula. The folks in Medicine actually see this picture differently. The Medical School has over the past decade infused nearly \$12M back into ECU through the auxiliary tax on ECU Physicians that was initiated in 1996 to reimburse ECU for some essential support services such as payroll, purchasing, etc. (At that time ECU Physicians had more than \$70M in reserves). This last year the tax resulted in \$1.6M to ECU. In addition, the PhD programs in BSOM provided the basis for ECU's successful bid to become reclassified as a Doctoral II institution by the UNC System in 1998 resulting in the receipt of more than \$6M in additional permanent funding to the campus between 1999-2002. None of these dollars were allocated back to the BSOM. In addition, F & A receipts for the campus are currently at ~\$4.5M about 60% of which comes from grants in the HSD.

Stipends:

Last year there were lots of concerns and misunderstandings among the faculty about administrative stipends. I am here to report that just under \$3M of these stipends are in the HSD and a large proportion are paid from NON-STATE dollars (\$2,063,138M). The majority of stipends in the HSD are paid to "faculty members" who agree to take on additional "time limited" responsibilities beyond their regular duties. Many of these stipends are in support of the academic mission rather than being purely administrative in nature. For example, one of our current senators is receiving a stipend funded by PCMH for duties as a Residency Program Director. Another faculty member receives an ECU Physician's funded stipend for serving as the MS III Clerkship Director. Two ECU faculty members (one East Campus and one West Campus) receive state funded stipends for chairing IRB's. All persons receiving a stipend have a written contract which specifies the purpose and amount of the stipend as well as a notification that the stipend

will be discontinued if the duties are no longer performed. To be very clear, the use of stipends is a necessary tool for getting all the work done. We do not have stipends being paid for unessential work and the work being supported by stipends cannot be eliminated. Thus, the blanket elimination of stipends would do irreparable damage to our academic core.

Status of the Dental School:

The Dental School continues its planning for the admission of the first dental students in 2011. The class size is planned to be 50 students all of whom will be NC residents. We have recently completed 2 searches to hire additional personnel whose roles are in Student Services and Clinical Services. These hires were critical to our eventual accreditation. We have searches underway for faculty and other key administrative positions particularly in Academic Affairs. Plans for the Dental School building here on campus have reached conclusion of the design phase with the first round of construction bids planned for December. The second round of bids is planned for early summer. Occupancy of the building is expected to be December of 2011. The first 3 service learning center locations were announced last week: Elizabeth City, Ahoskie, and Sylva. Planning is now underway to identify the exact site for the clinic in each of these communities and design the structures. We received an additional \$3M in permanent operating dollars for the Dental School in this last legislative session bringing the total to \$5.5M so far. When the School is fully operational the total budget is around \$18M so this means we have an additional amount of funding to seek from the legislature in the next 2-3 years.

ECU Physicians:

During some recent conversations on campus, several folks indicated that they were unaware of the Pharmacy Services and Rapid Access program available to ALL ECU Employees and their dependents. Informational materials about these programs are at your places and we invite your participation.

Thank you.

Phyllis N. Horns