



Senate Appropriations Committee Education and Environmental Division

UND School of Medicine and Health Sciences

Tuesday, March 7, 2023

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Members of the Finance Team Joining On-Line



- Namil Choi, MBA, CPA
 - Associate Dean for Administration & Finance/Chief Operating Officer



- Terry Nelson
 - Director, Budget and Facilities Management

Overview of Today's Presentation

- Status and accomplishments of the UND SMHS
 - What does the state get in return for its financial support?
 - Have we fulfilled the expectations of the citizens/legislature?
- Strategic direction going forward
 - Where we hope to go
- Opportunities and Challenges
- Budget requests and considerations
- Discussion/Questions

Additional Material Provided for Background

- Executive Summary of the *Seventh Biennial Report 2023 – Health Issues for the State of North Dakota*
 - Required by North Dakota Century Code
 - Prepared by the UND North Dakota Healthcare Workforce Group and distributed on behalf of the UND SMHS and its Advisory Council
- One-page summary of the activities and accomplishments of the UND SMHS this past year

Additional Material Provided for Background

- *We Do **Drive the Future*** brochure that highlights our philanthropic efforts focused on reducing student debt and securing endowed faculty chairs to help with recruitment and retention of faculty

UND SMHS Budget Considerations

- UND SMHS is one of nine schools/colleges comprising UND.
- There are 11 campuses in the North Dakota University system but 12 academic unit line items in the legislative budget, as the UND SMHS traditionally has had a separate line in the budget (although an integral component of UND).
- The UND SMHS budget has two major components:
 - The formula funding component that is based on student credit hour production (similar to all other NDUS institutions)
 - A unique one that supports much (but not all) of the Healthcare Workforce Initiative, especially its residency expansion provision

North Dakota's Healthcare Workforce Initiative

Started in the 2011-13 Biennium

- Reduce disease burden → focus on population health
 - Masters and Ph.D. public health degree programs (coordinated public health programs at UND and NDSU)
- Retain more healthcare provider graduates for North Dakota
 - RuralMed Program

Healthcare Workforce Initiative (HWI)

- Train more healthcare providers
 - Medical student class increased by 16/year (total of 64 additional)
 - Health sciences students increased by 30/year (total of 90 additional)
 - Resident (post-MD training required prior to practice) slots increased from a baseline of 97 → 205 in FY2026 and beyond
 - Currently there are 35 residency slots supported by the HWI, projected to grow to 48 in FY2026
 - An additional 38 slots are funded by our clinical partners, projected to grow to 60 in FY2026 (public/private partnership)

Healthcare Workforce Initiative (HWI)

- Improve the efficiency of the healthcare delivery system
 - Training in interprofessional healthcare teams
 - Developing “virtual care” approaches that bring the clinic to the patient rather than the other way around (especially important in rural areas)

What Does the State Get In Return for Its Financial Support?

- **Education** of a spectrum of healthcare students → Positive impact on **healthcare provider workforce in North Dakota** and the region
- **Research** that improves the quality of life for North Dakotans by reducing disease burden
- **Service** to North Dakotans in the healthcare realm, especially in rural regions (Center for Rural Health)
- **Economic impact**, as the UND SMHS generates about \$2 for every \$1 of appropriated funding

UND SMHS Outcomes

| Metric | Percentile Rank |
|--|------------------|
| Percent of graduates practicing in rural areas | 99 th |
| Percent of graduates entering family medicine | 93 rd |
| Percent of graduates entering primary care | 98 th |

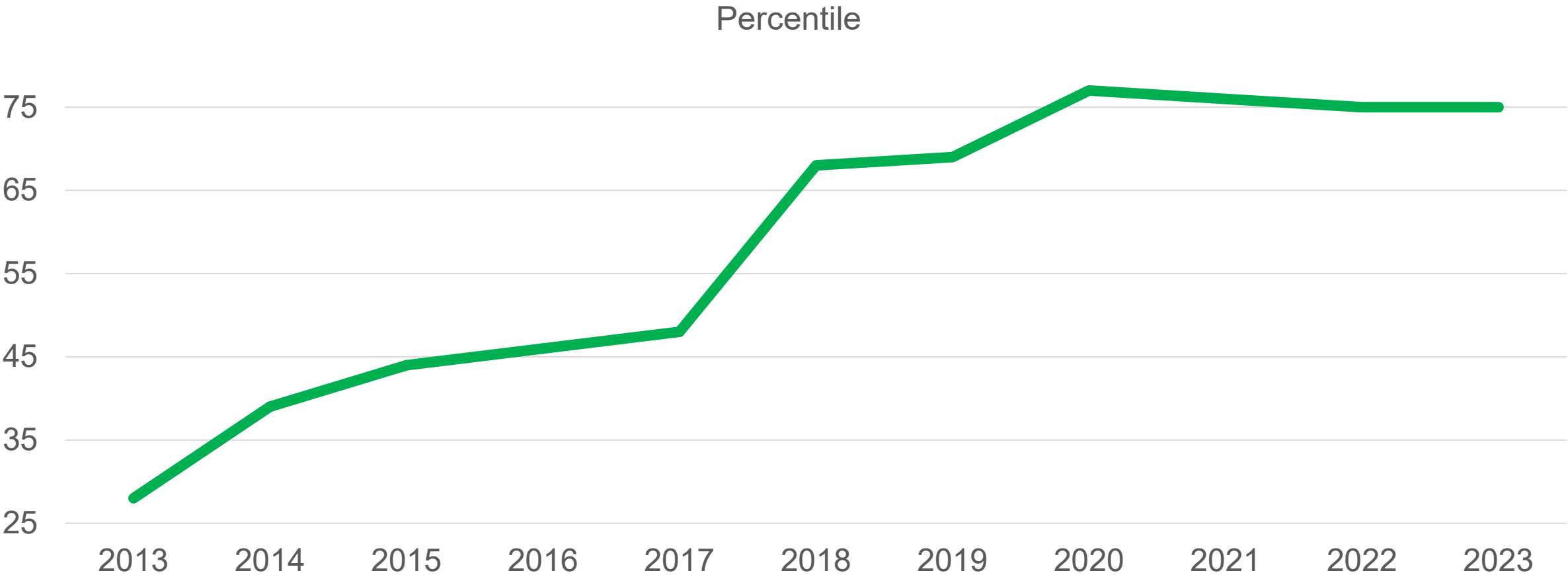
Source: Association of American Medical Colleges Missions Management Tool 2023

Value of the School to North Dakota

- Providing healthcare professionals
 - 78% of Family Medicine Physicians
 - 50% of Physicians
 - 48% of Physical Therapists
 - 52% of Occupational Therapists
 - 39% of Physician Assistants
 - 47% of Medical Laboratory Scientists



Retention of UND SMHS Medical Student Graduates for Practice In-State



Source: Association of American Medical Colleges Missions Management Tool 2013-2023

Service to the Community



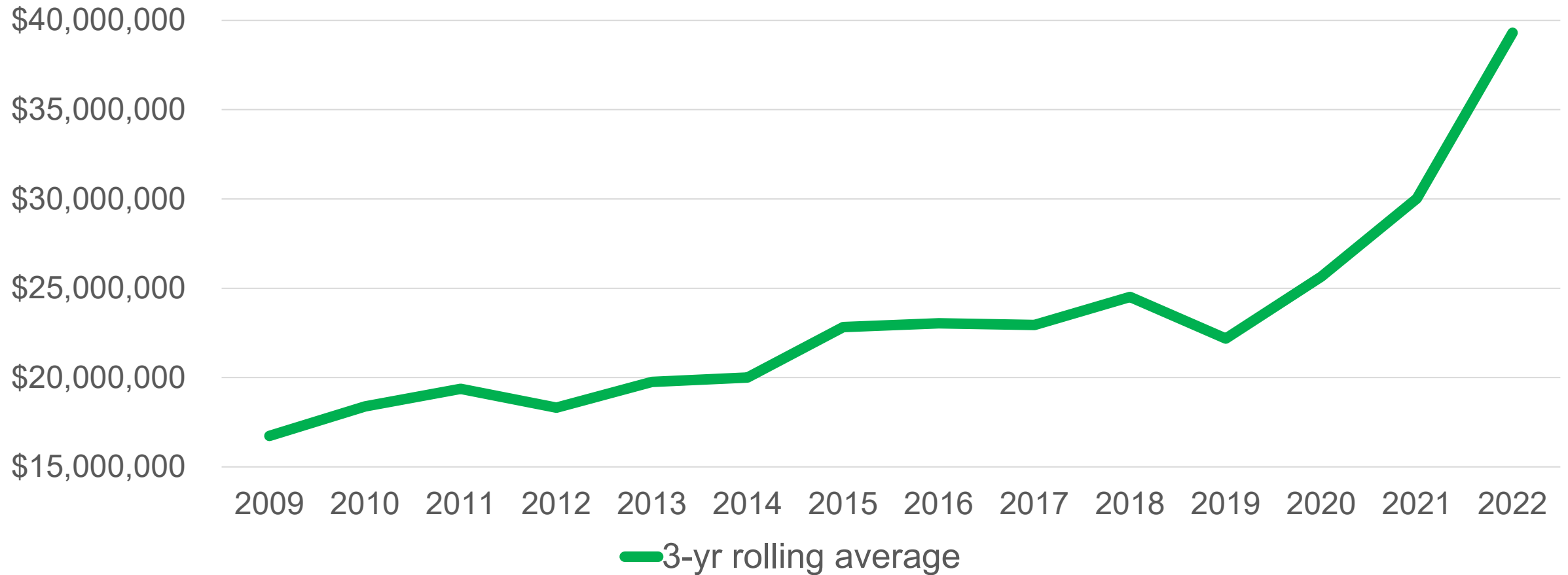
- RuralMed
- Rural Opportunities In Medical Education (ROME)
- Center for Rural Health
 - SCRUBS Academy and camps
- Rural residencies
- SIM-ND
 - Provides simulator training in vans to each quadrant of the state

Research Programs

- We focus on studying diseases of relevance to North Dakota
 - Alzheimer's and other neurodegenerative diseases
 - Diseases of aging
 - Cancer
 - Infectious diseases (vector-borne)
 - Opioid addiction
 - Epigenetics



UND SMHS Sponsored Funding



Has the UND SMHS Fulfilled the Expectations of the Citizens/Legislature?

The UND SMHS is the only institution within NDUS to have its **purpose** defined in ND Century Code (NDCC 15-52-01):

“The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals for subsequent service in North Dakota and to enhance the quality of life of its people. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.”

Where UND SMHS Is Headed

- The “What” will remain unchanged
 - Educate
 - Discover
 - Serve
- The “How” will change dramatically
 - Educate – More hybrid learning (but tough to teach team and procedural approaches virtually)
 - Discover – Big focus on translational (“bench to bedside”) research
 - Serve – Bring medical care to the patient, rather than have the patient come to a medical care facility
- The “Who” will change too
 - More diverse and inclusive healthcare workforce

Challenges

- Because of the expansion of our research enterprise, the availability of additional dry and wet lab space is beginning to become an issue
- Growth of undergraduate teaching also is straining available teaching space in the Grand Forks building
- Attracting and retaining talent
- Limited opportunities to expand class size further due to the saturation of clinical sites with our trainees
- Relatively homogeneous patient population
- Student well-being issues specifically related to the pandemic

UND SMHS Budget Requests – General

- Application to the SMHS of whatever is decided on specific budget aspects for the other schools and colleges in the NDUS
 - Salary increase pool including covering tuition-funded portion
 - Health insurance premiums
 - Salary equity pool
 - Potential adjustment to the SCH formula to cover increased operational expenses
 - Limits on tuition as outlined in engrossed HB 1003

UND SMHS Budget Requests – Specific

- Application to the SMHS HWI funding line of whatever is decided for the NDUS regarding the salary increase pool and health insurance premiums
- Holding the UND SMHS harmless if the proposed Senate Concurrent Resolution No. 4019 regarding the mill levy were to go into effect
 - Potential negative impact of almost \$11M/biennium

Request for Salary Increase for HWI Funding

(\$ in Millions)

| | 2021-23 | Request 2023-25 | Change |
|---------------|---------|--------------------|--------|
| Faculty/Staff | \$3.9 | \$4.2 | \$0.3 |
| Resident | \$3.9 | \$4.2 | \$0.3 |
| Operations | \$2.9 | \$2.9 | \$0.0 |
| Total | \$10.7 | \$11.3 | \$0.6 |

Also request coverage for health insurance premium increases

UND SMHS Budget Requests

| | General Fund | GF - HWI | Total |
|---|--------------|--------------|--------------|
| Base Funding | | | |
| Base budget 2021-23 | \$57,446,808 | \$10,676,150 | \$68,122,958 |
| Base adjustment | 1,861,841 | | 1,861,841 |
| Cost to continue salaries | 389,953 | | 389,953 |
| General Fund before Executive Proposal | 59,698,602 | 10,676,150 | 70,374,752 |
| Adjustments in Executive Budget | | | |
| 6%/4% Salary Increase | 3,368,540 | | 3,368,540 |
| Health Insurance Increases | 862,571 | | 862,571 |
| Equity salary pool | 1,942,905 | | 1,942,905 |
| General Fund before UND/NDUS Proposal | 65,872,618 | 10,676,150 | 76,548,768 |
| Adjustments proposed by UND/NDUS | | | |
| Inflationary increase of 7.5% | 4,477,395 | | 4,477,395 |
| General Fund before SMHS Proposal | 70,350,013 | 10,676,150 | 81,026,163 |
| Adjustments proposed by UND SMHS | | | |
| 6%/4% applied to HWI funding | | 633,360 | 633,360 |
| Health Insurance Increases for HWI | | 162,182 | 162,182 |
| General Fund Grand Total | \$70,350,013 | \$11,471,692 | \$81,821,706 |

Senate Concurrent Resolution No. 4019

“A concurrent resolution to repeal section 10 of article X of the Constitution of North Dakota, which imposes a statewide property tax levy of one mill for support of the state medical center [SMHS] at the University of North Dakota; and to provide an effective date.”

- If the CR is passed and signed, it will be subject to popular vote during the general election in 2024 and thus potentially impact the funding of the SMHS during the later part of the current biennium

Summary – Specific UND SMHS Budget Requests

- Application to the SMHS HWI funding line of whatever is decided for the NDUS regarding the salary increase pool and health insurance premiums
- Holding the UND SMHS harmless if the proposed Senate Concurrent Resolution No. 4019 regarding the mill levy were to go into effect
 - Potential negative impact of almost \$11M/biennium



Discussion/Questions

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