



OHSU Budget Overview

Joint Education Ways and Means Committee

Presented by: Joe Robertson, M.D., M.B.A., OHSU President
David Robinson, Ph.D., Executive Vice Provost

Date: April 8, 2013

A Statewide Vision and Mission

Vision

OHSU will partner to make Oregon a national leader in health and science innovation for the purpose of improving the health and well-being of all Oregonians.

Statutory Missions

Teaching: Educate tomorrow's health professionals, scientists, engineers and managers in top-tier programs that prepare them for a lifetime of learning, leadership and contribution.

Discovery: Explore new basic, clinical and applied research frontiers in health and biomedical sciences, environmental and biomedical engineering and information sciences; and translate these discoveries, wherever possible, in the health and commercial sectors.

Healing: Deliver excellence in health care, emphasizing the creation and implementation of new knowledge and cutting-edge technologies.

Outreach: Lead and advocate for programs that improve health for all Oregonians, and extend OHSU's education, research and health care missions through community service, partnerships and outreach.

OHSU Governance

- OHSU is a non-profit public corporation and is the state's sole public academic medical center.
- As a public corporation, OHSU receives yearly appropriation from the state which helps support our legislatively-mandated public missions.
- The OHSU Board of Directors has 10 members.
 - Required positions on the board include the president of OHSU, a member of the Oregon State Board of Higher Education and an OHSU student.
 - The other seven members serve at the Governor's discretion and must be confirmed by the Oregon Senate.
 - Charles Wilhoite currently serves as chairman.

Summary of State General Fund Investment in 2011-13

Mission: Education

Education Overview

- School of Medicine
 - Includes Physician Assistants Program
- School of Nursing
 - Both undergraduate and graduate programs
- School of Dentistry
- Joint School of Pharmacy with Oregon State
- The state provides general fund support to the Schools of Nursing, Medicine, and Dentistry

Mission: Education

- **3600 students and trainees**

- 2800 students

- School of Dentistry

- Total number of DMD students
- Percent Oregonian

: 302
: 58%

- School of Medicine

- Total number of MD students
- Percentage Oregonian

: 522
: 70%

- School of Nursing

- Total number of undergraduates
- Percentage Oregonian
- Total number of graduate students
- Percentage Oregonian

: 806
: 90%
: 271
: 55%

- 800 interns, residents, fellows, and trainees

- **Statewide Partnerships**

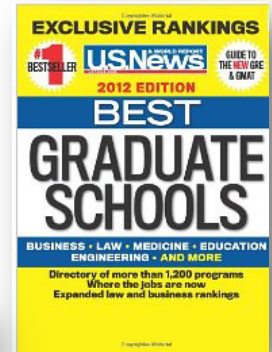
- OSU College of Pharmacy (joint PharmD degree)
- OIT Allied Health programs: EMT, CLS (joint AAS, BS degrees)
- OSU, PSU MPH program (individual institutional degrees)
- OCNE Nursing programs with 8+ community colleges



OHSU Education Programs: Highly Ranked

- **US News & World Report** national rankings:

- Family Medicine #2
- Primary Care #3
- Physician Assistant #6
- Nurse Midwifery #1
- Geriatric Nurse Practitioner #4
- Family Nurse Practitioner #6



- **Annals of Internal Medicine**

- OHSU ranked #11 out of 141 medical schools in the nation based on Social Mission Score

Blueridge Group: #19 for Research



OHSU/OUS Collaborative Life Sciences Building



**Academic Partnership: OHSU, OSU and PSU
Set to open in 2014**

OHSU Program Summary in CSLB

OHSU Dedicated Educational Space

- Inter-professional Simulation Center
- Schools of Medicine (MS1 & MS2), Dentistry (DS1-4) Programs; Allied Health
 - M.D. class size capacity to increase from 120 to 160 students
 - D.M.D. class size capacity to increase from 75 to 90 students
 - Physician Assistant class size capacity to increase from 40 to 50 students
 - Radiation Technology Program 9 students
- Associated Deans' Office & Student/Faculty Support Services

OHSU Dedicated Research Space

- Oregon Center for Spatial Systems Biomedicine
- Built-out and shelled research space still to be programmed

Shared Space

- Common Research Services
- Inter-institutional Laboratory

Construction Update

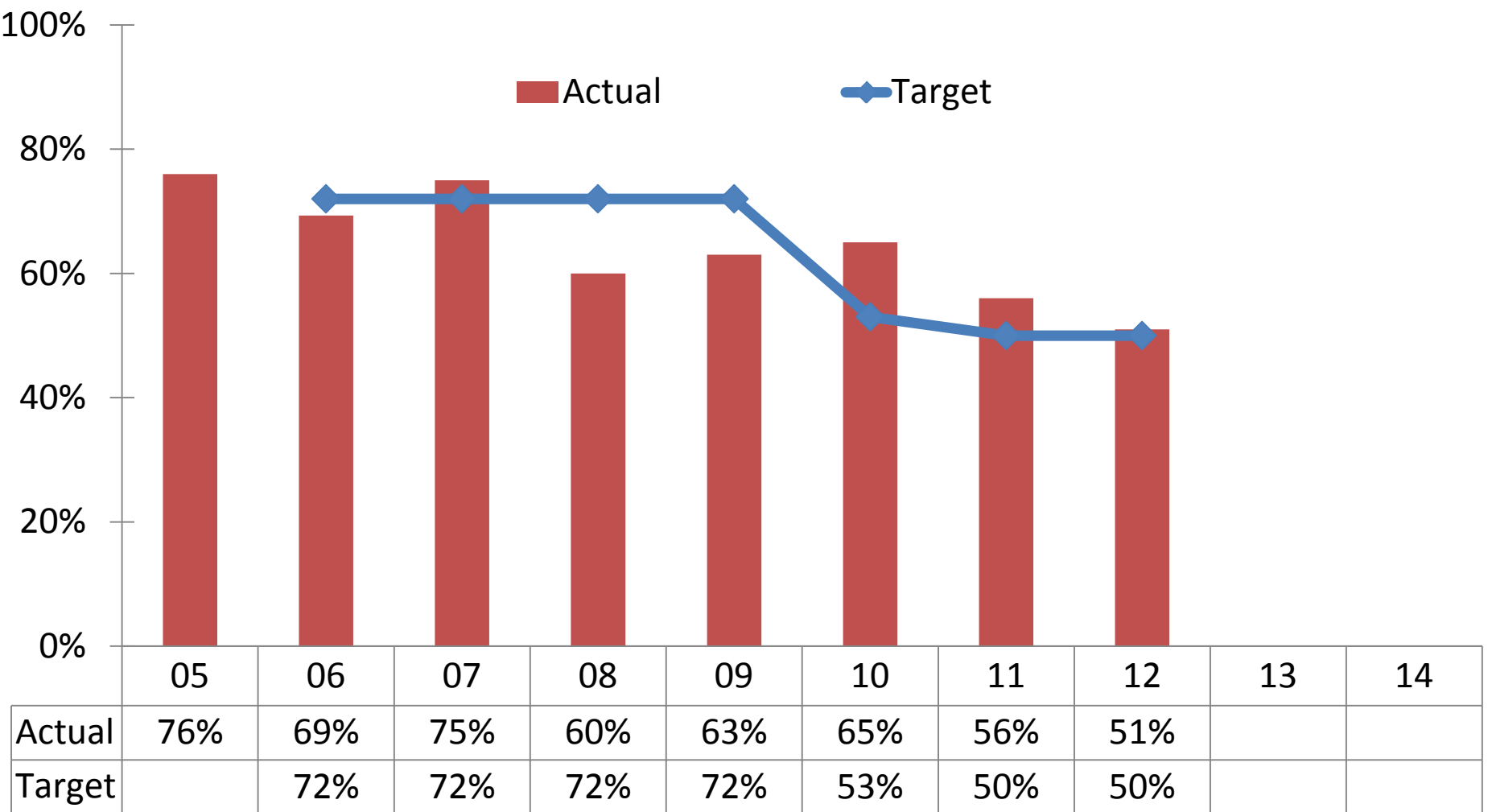
- 1/17/2013 JE Dunn Construction topped out the building on schedule.
- The building will open in stages between Winter of 2014 and Spring of 2014.
- This project is anticipated to achieve LEED Platinum certification.
- The building will serve over 1,600 students from OHSU and OUS.
- The \$295 million CLSB/Skourtes Tower is the largest project currently under construction in the City of Portland.



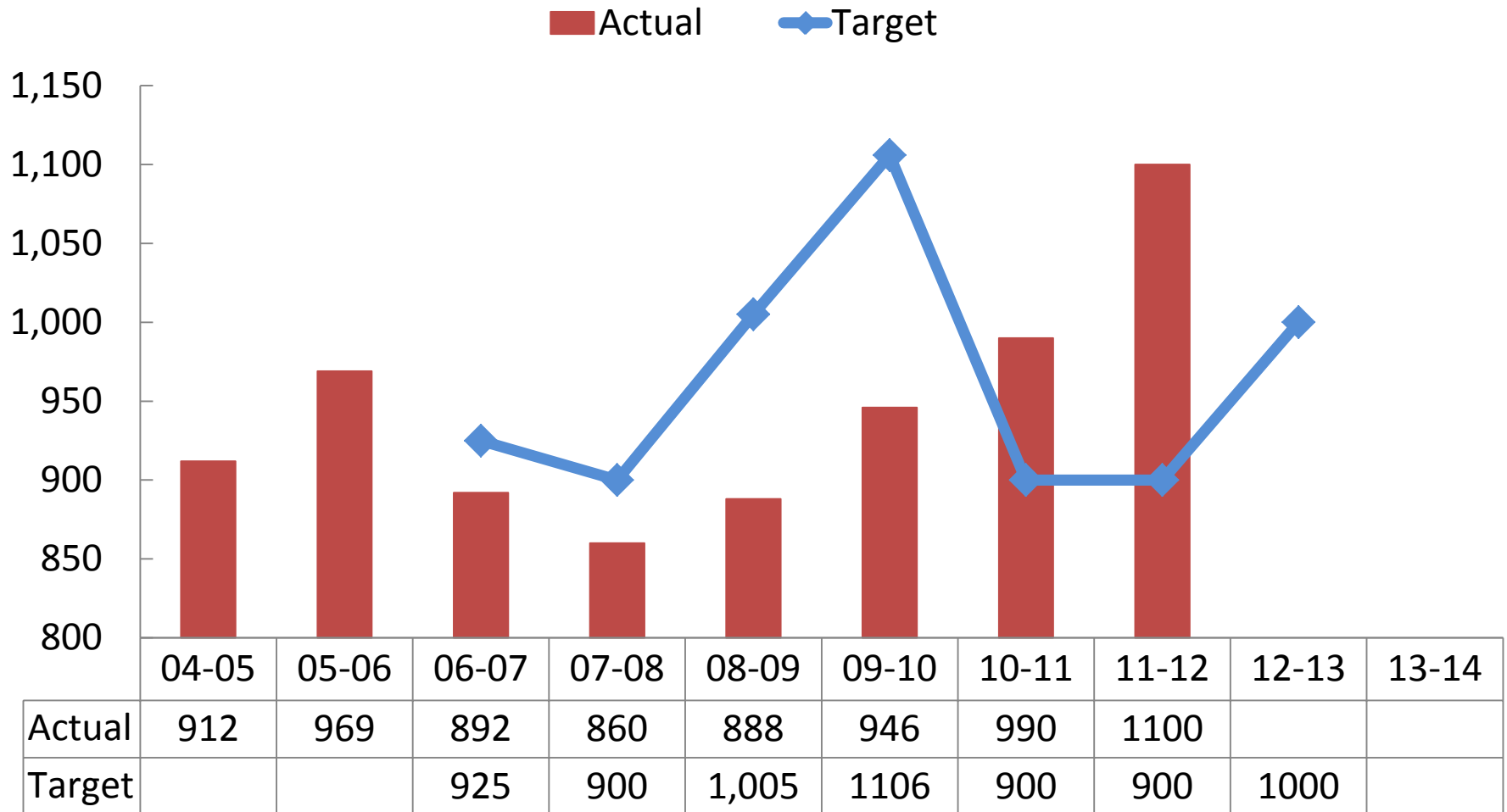
Construction created approximately 250 full-time jobs with up to 500 workers on site any given day

Educational Outcomes

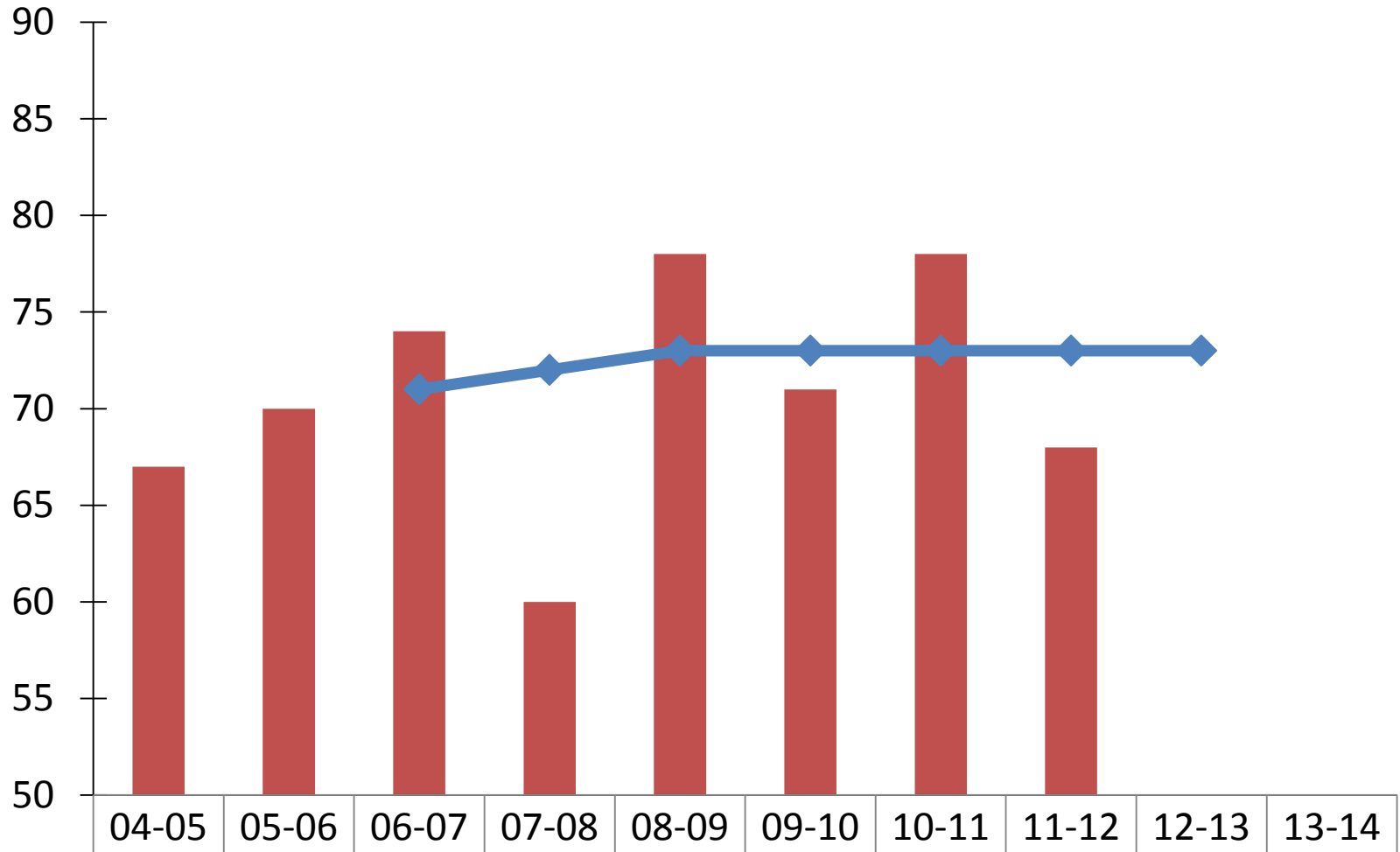
OHSU KPM: First-Year DMD Students That Are Oregon Residents



OHSU KPM: Total Degrees and Certificates Awarded

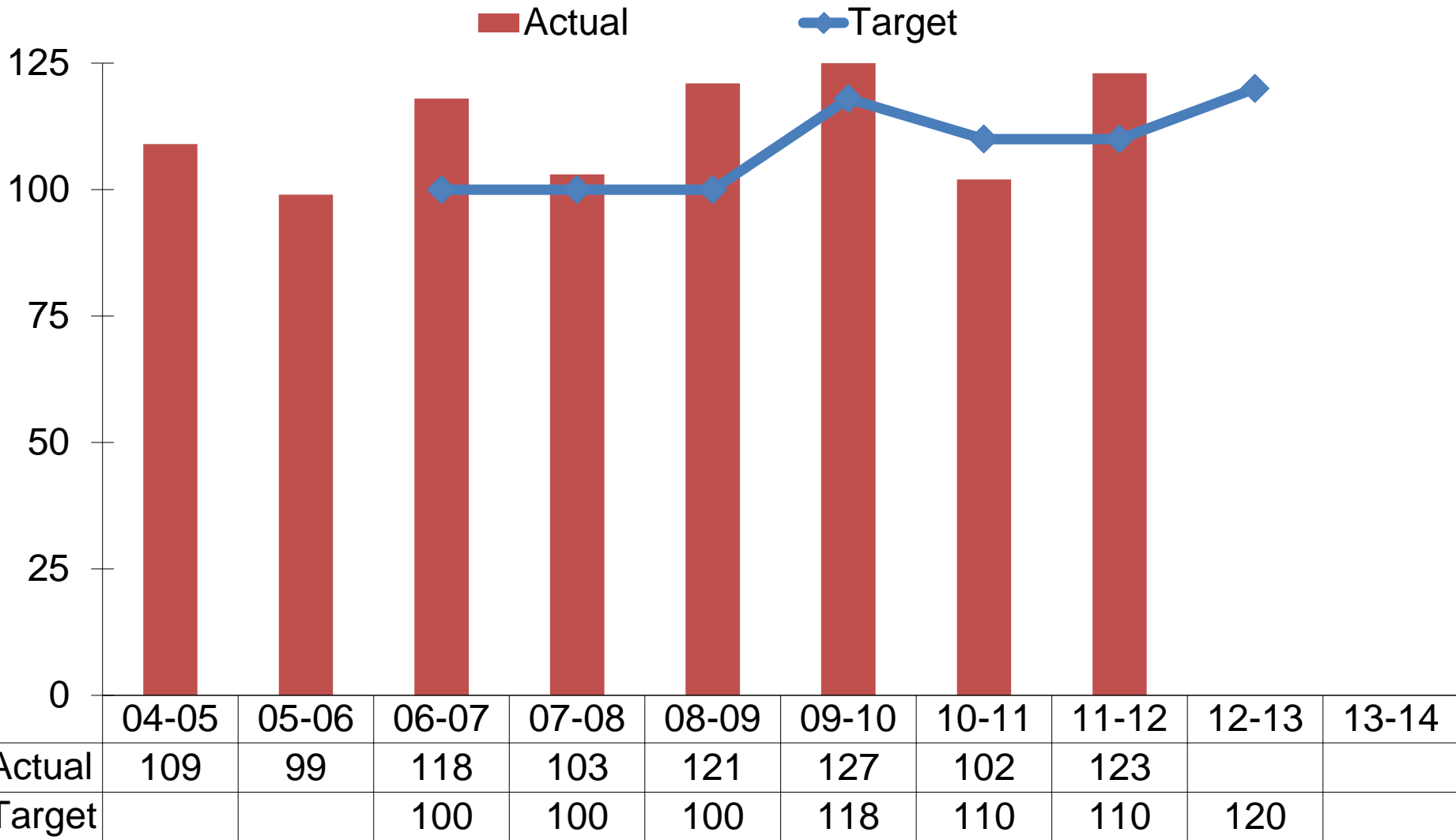


OHSU KPM: Total DMD Degrees Awarded

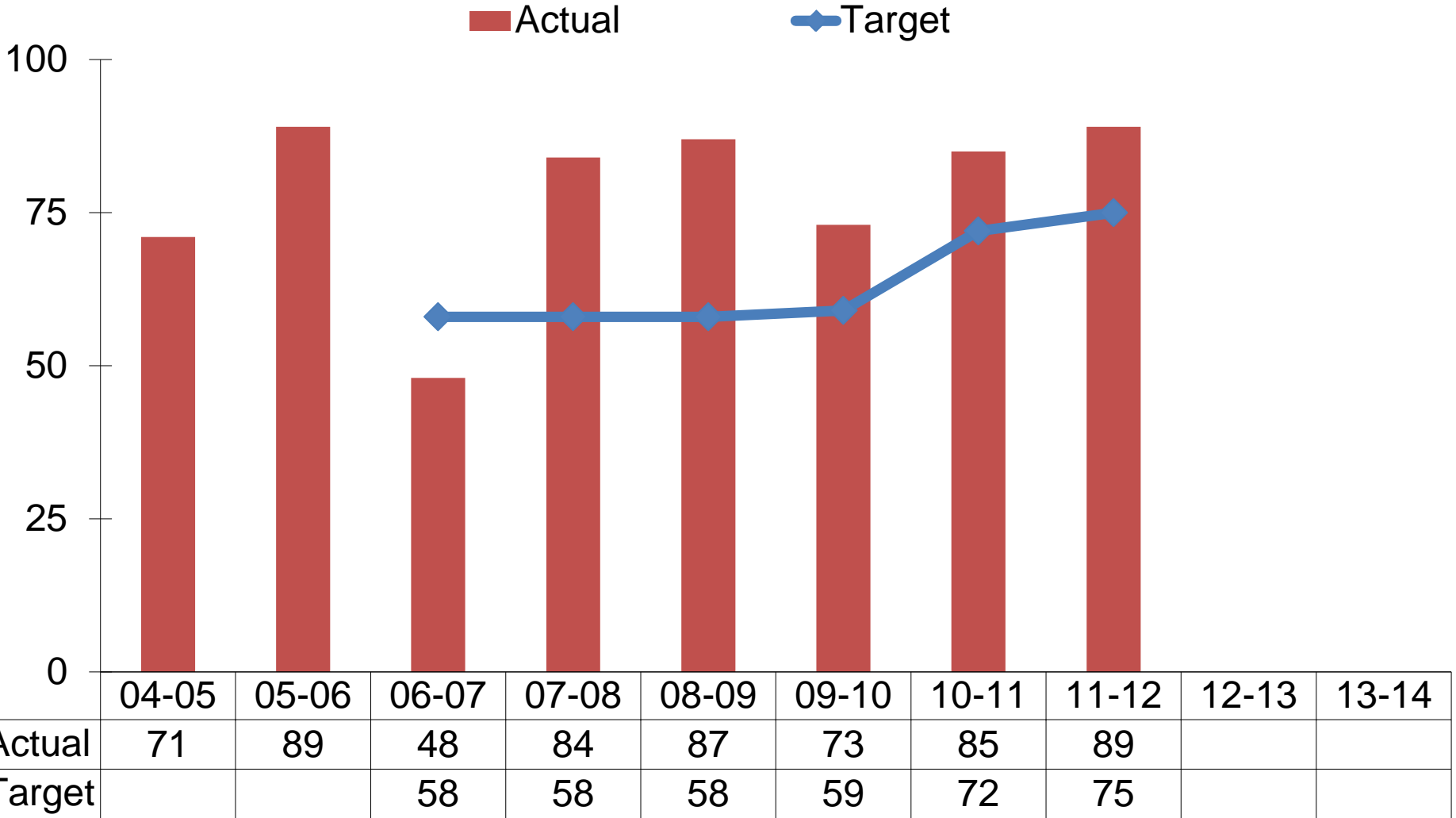


Actual	67	70	74	60	78	71	78	68		
Target			71	72	73	73	73	73	73	

OHSU KPM: Total MD Degrees Awarded

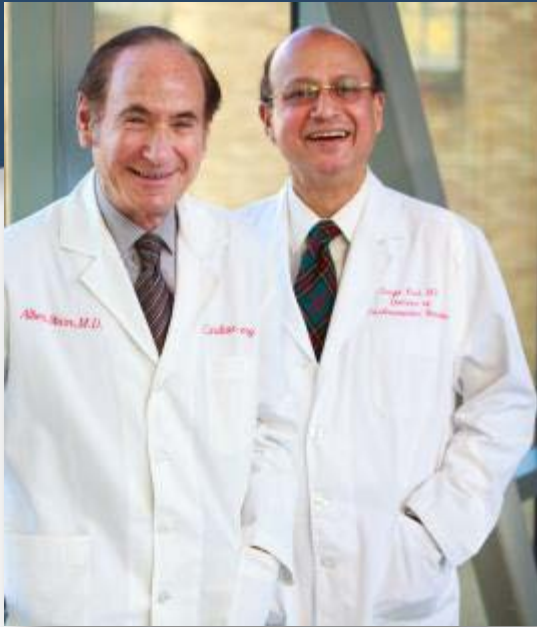


OHSU KPM: Graduate Degrees & Certificates Awarded in Nursing



Mission: Research

OHSU Research Highlights



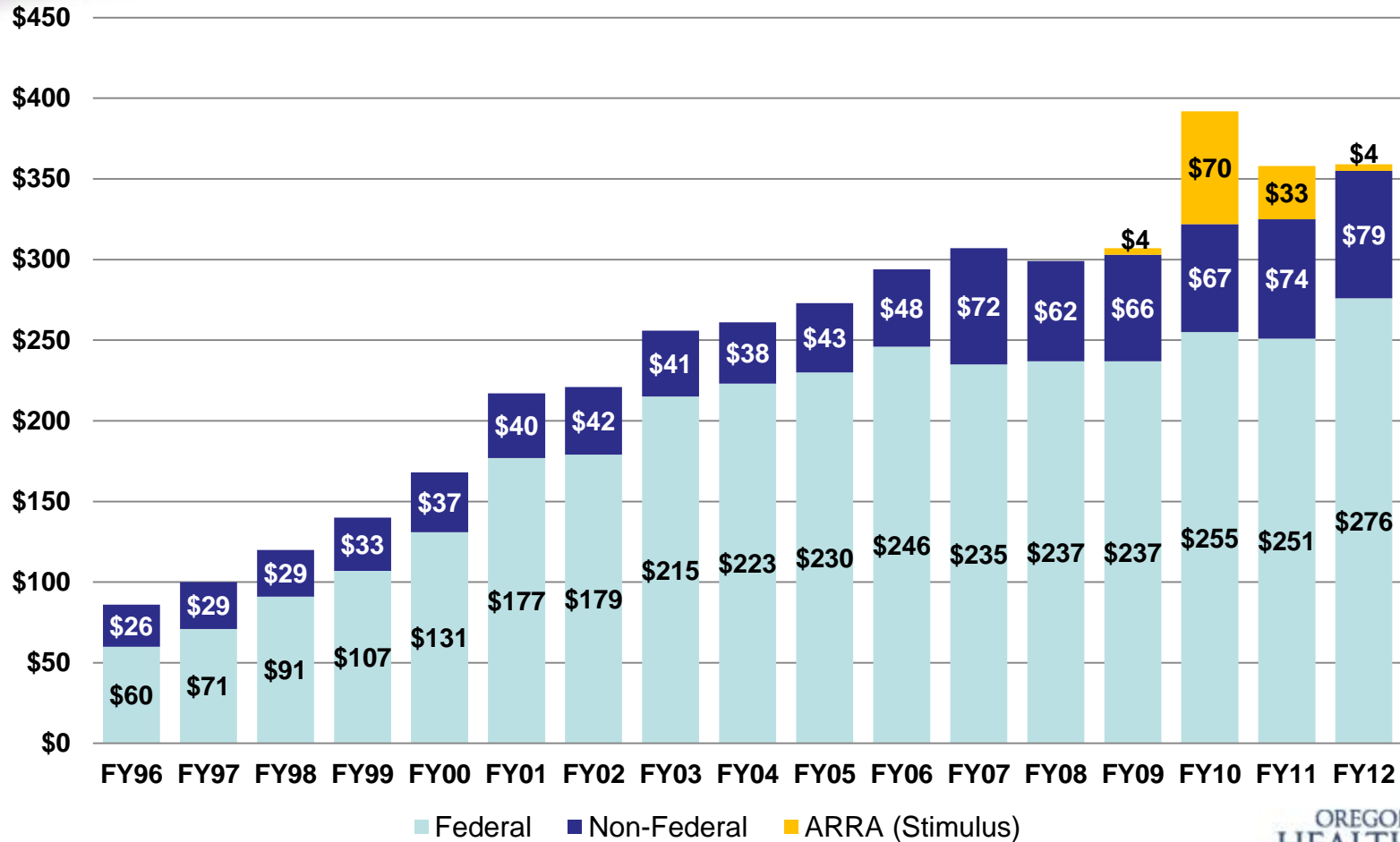
- 1,750+ faculty scientists
- 1,242 research staff
- Over 3,000 funded research projects
- Discoveries that save hundreds of thousands of lives:
 - Starr-Edwards valve (artificial heart valve)
 - Gleevec: Brian J. Druker, M.D., whose research led to the development of Gleevec, the first targeted cancer pill to kill cancer cells while leaving healthy tissue unharmed



FY 12 Total Sponsored Research Awards

(In Millions)

OHSU FY 12 total Research Awards \$359,080,955



Economic Impact of OHSU Research

- Over 90% of FY 12 research dollars came from out of state.
- Research grants are like small businesses, requiring new staff, services, and equipment—as well as generating tax revenues for the state.
- Oregon’s research grants are estimated to have a 2.13 “business multiplier effect”—for every dollar awarded, the institution generates an additional \$2.13 for Oregon’s economy
- For FY 2012, this multiplier contributed an additional **\$765 million** to Oregon’s economy.

Research Leads to New Oregon Businesses –

- **Since 2000, OHSU research has resulted in 42 startup companies, 74 total companies since the early 1970s.**

The TomegaVax, Inc Story:

- Utilizing Oregon Opportunity funding to leverage OHSU investment, Dr Klaus Früh was recruited to the Vaccine and Gene Therapy Institute (VGTI) as Associate Scientist and Director of the Gene Microarray Shared Resource
- Dr Früh's research examines how viruses such as West Nile and HIV evade the immune system. He also focuses on the development of vaccines against such viruses
- Since his arrival Dr Früh has brought in ~\$19 million in grant funding and published 63 articles in high impact scientific journals
- His work has led to the establishment of a new business - TomegaVax Inc, funded in part by National Institutes of Health, which is testing an HIV/AIDS vaccine developed by Dr Früh and his colleagues.

Mission: Health Care

Healing



OHSU hospital and clinic highlights:

- Over **660,000 patient visits** each year, from every county in Oregon
- **Consumer Choice Award** from the National Research Corporation eight years in a row
- Only place in Oregon on *US News and World Report's America's Best Hospitals* list
- Only Oregon National Cancer Institute center: The **Knight Cancer Institute**
- Only Oregon recipient of a **clinical and translational science** award, to speed research from bench to bedside.

Key Elements of OHSU Clinical Care

- OHSU Hospital and OHSU Doernbecher Children's Hospital
 - 534 beds
- Educational platform for
 - 800 resident physicians and fellows in advanced training around Oregon
 - 522 MD students
- Also major clinical education site for nursing, physician assistants, pharmacists, dental and other health professionals
- Catalyst for success of all other missions
- A statewide resource for tertiary (specialty) care
 - Serving all of Oregon, SW Washington, Idaho
 - 50% of OHSU Medicaid patients reside outside Portland metro area

Hospitals Serves a Key Role in Supporting all OHSU Missions

- Hospitals competes regionally and nationally for staff, physicians
- Complex accreditation and regulatory environment
- Self funds capital, reinvestment
- Integrate MD and Hospital interests to optimize performance
 - Support community partnerships
 - Lead in quality and evidenced-based care
- Support innovation in care models and translational research
- Financial support for education mission

Clinical Mission Support to School of Medicine

	Actual FY07	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Actual FY12
Hospital Support	42,701,220	40,839,735	55,054,285	72,091,570	86,824,505	90,334,708
Faculty Practice Plan Support (MEIF)	12,242,745	13,235,286	15,544,693	15,870,538	16,885,161	18,505,649
TOTAL	54,943,965	54,075,021	70,598,978	87,962,108	103,709,666	108,840,357



Health Care in Oregon's Communities

- 686,871 visits across 55 clinic sites in Oregon
- Family medicine and primary care centers
- Partnerships for specialty care in communities such as Astoria, The Dalles, Coos Bay and Eugene.
- Fastest growing portion of OHSU services
- Growing telehealth/telemedicine program



Statewide Telemedicine Partnerships

- Health care dollars and patients stay in local communities
- Improves patient satisfaction
- Supports rural providers & decreases isolation
- 12 service sites currently
- Kept 135 patients in their home communities
- Saved more than **\$2M** in transport costs since 2010



Challenges Ahead in Health Care

- Prepare for potential system effects of reform
 - Bundled pricing of services, expanded coverage at public payer rates, pay for performance models
 - Decreases in Medicare and Medicaid reimbursement
 - Decreases in DSH payments and GME funding
- Prepare for rising demand
- Address workforce shortages
- Pressure on clinical enterprise = pressure on education/research missions
- Unique business risks (public payer, reform, malpractice)

Child Development & Rehabilitation Center

CDCR: Serving Children with Special Health Needs

- **1 in 6** children in Oregon has a disability or special health need; this ratio is expected to increase.
- Children with disabilities are typically the most complex to serve and more than half of these children have **multiple disabilities**
- 28% of rural Oregon residents who have children with special health needs report having unmet needs versus 16% nationally
- **OHSU Child Development and Rehabilitation Center (CDRC)** is state mandated to provide services to Oregon children and youth with special healthcare needs (CYSHN)

CDRC: Who We Serve

CDRC serves children, youth and increasingly adults with developmental disabilities and complex health care needs.

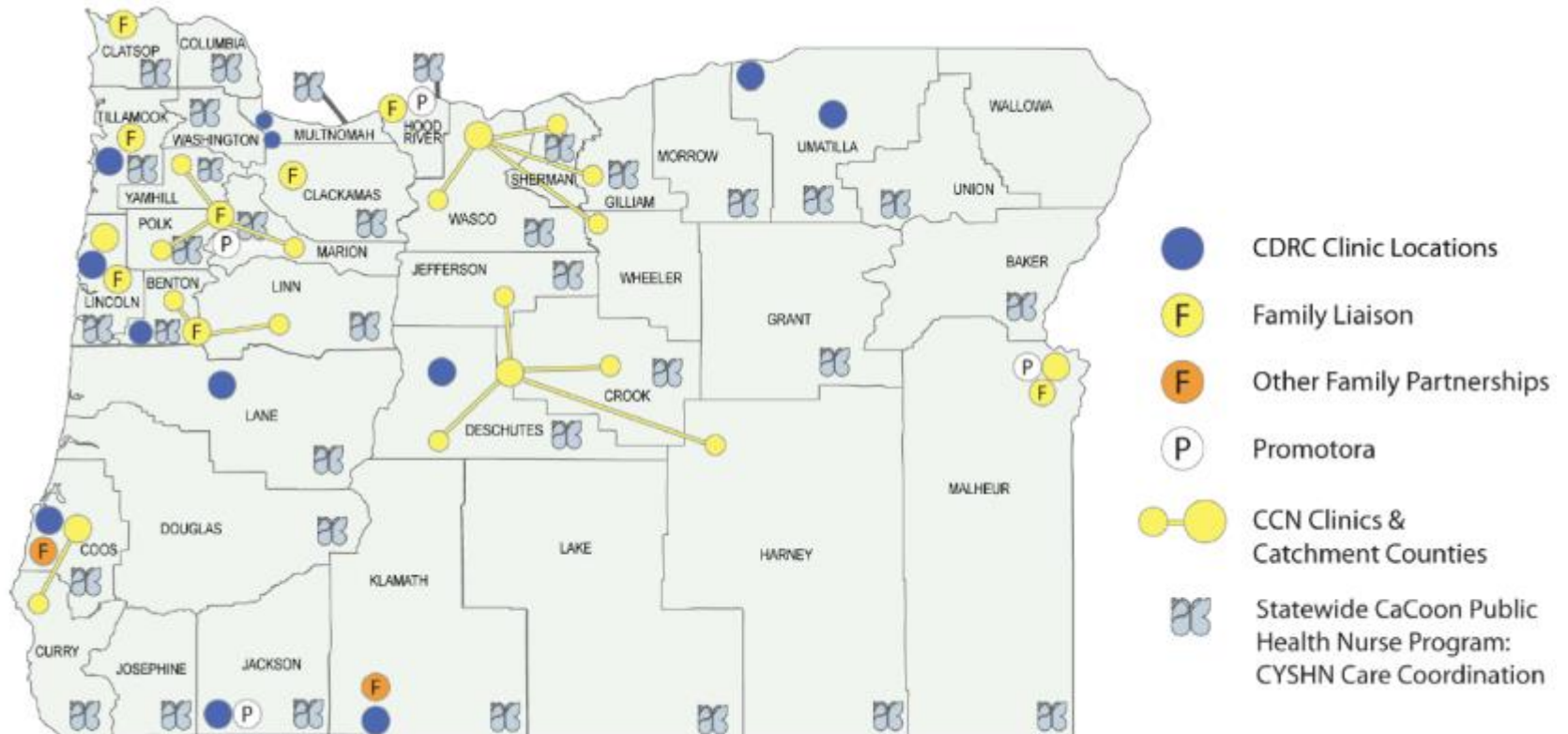
Most services provided at CDRC are not available elsewhere in Oregon.

- Developmental Delays
- Cerebral Palsy
- Mental Retardation
- Learning Disabilities
- Communication Disorders
- Autism
- Hearing and Visual Impairments
- Spina Bifida
- Cranial Facial Disorders
- At Risk Infants
- Metabolic Disorders
- Genetic Disorders
- Hemophilia
- Feeding Disorders

CDRC: What We Do

- CDRC provides services to children with disabilities and special health needs from every county in Oregon
- Helps local communities meet the needs of children with the most challenging disabilities and special health needs.
- CDRC professionals work in partnership with families to ensure the best care
- More than 50% of CDRC patients come from outside the Portland metropolitan area
- Between 2000 and 2010 demand for CDRC services increased by 31%

CDRC: Community-Based Services



CDRC Services Provided in FY 2010: 43,213

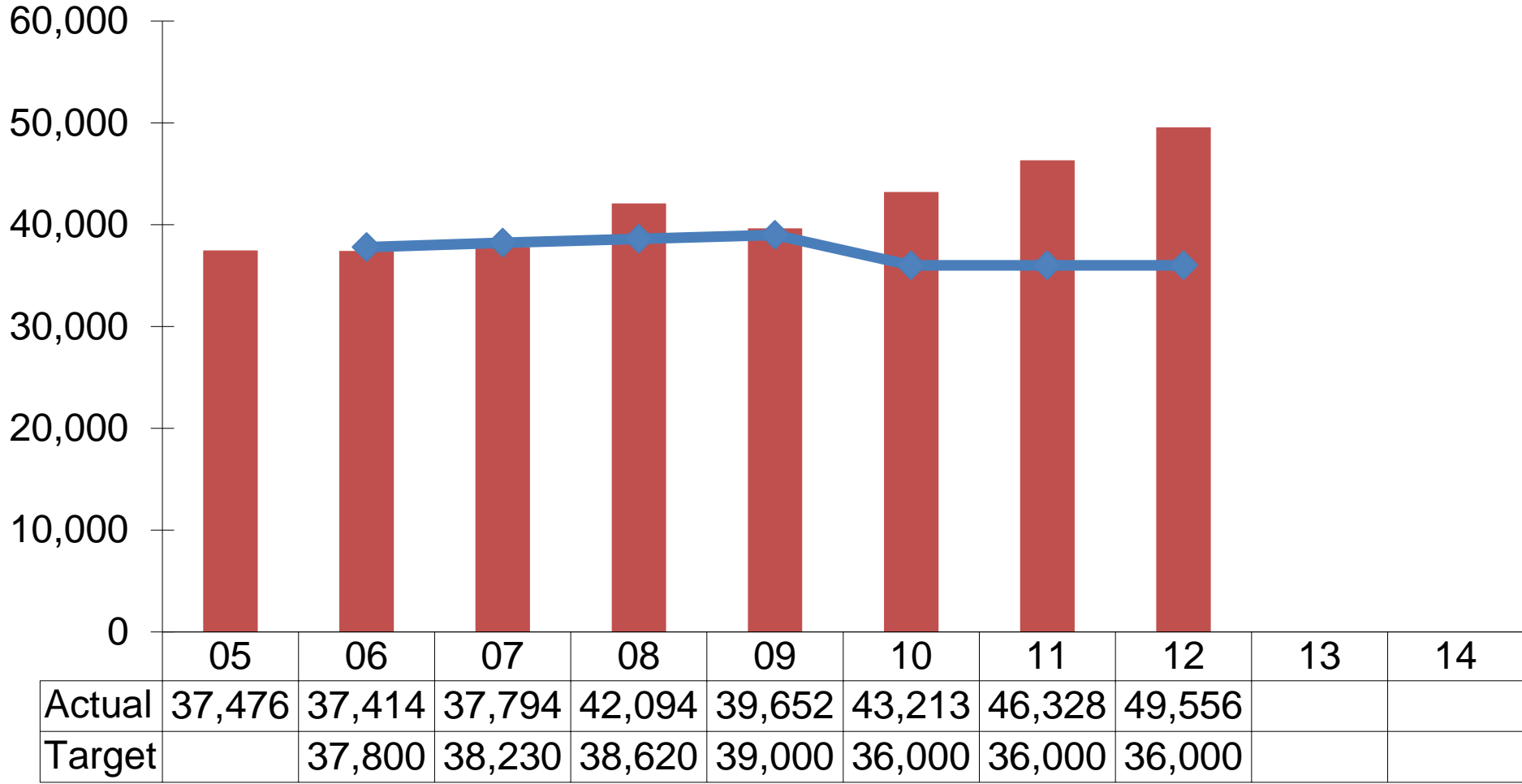
CDRC: Role of State Funding

13-15 Governor's Recommended Budget- \$7.7M

- More than 53% of children served at CDRC either have no health insurance, or are covered by Medicaid
- Allows CDRC to establish a network of unique clinics and local services throughout the state, providing services to children with special health needs in every county across Oregon
- Serves as match funds for the state Title V block grant, allowing Oregon to receive an additional \$3.6 million in federal funds per biennium targeting children with special health care needs each year

OHSU KPM: CDRC Services Provided to Patients

Actual Target



Mission: Outreach

Outreach



OHSU outreach highlights:

- More than **200 outreach programs** serving people throughout Oregon
- **Oregon Poison Center**, providing all of Oregon with 24/7 support
- **Center for Research on Occupational and Environmental Toxicology (CROET)** serves workers and employers
- **Science Education Opportunities** offers internships, education for children
- **Preschool vision screening**, through a partnership with the Oregon State Elks
- **Give Kids a Smile Day** to provide dental treatment for underserved children
- **Area Health Education Centers (AHEC)** provides rural and pipeline supports

Oregon Poison Center

13-15 Governor's Recommended Budget - \$2.5M

- Statewide 24-hour healthcare information and treatment resource
- Staffed 24/7 by doctors and nurses trained in toxicology
- Handles over 45,000 calls a year
- 63% of the patients receiving assistance from the Oregon Poison Center are children and teens
- In 2012 OPC managed 91% of cases at home
- Saved an estimated **\$16M** in alternative healthcare costs

Area Health Education Centers

AHEC/ORH 11-13 Legislatively Adopted Budget - \$4,054,092

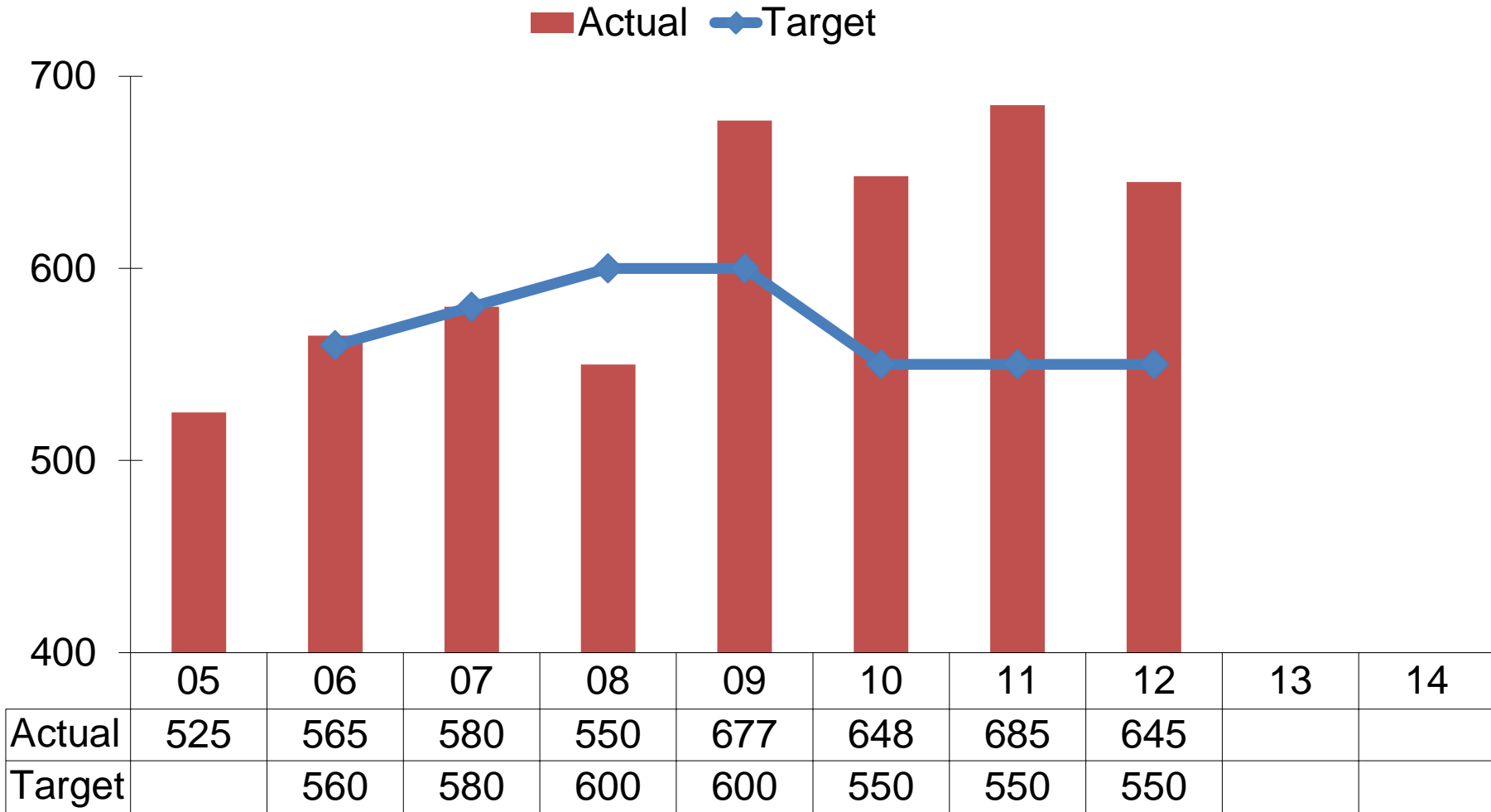
AHECs educate current and potential health care students in rural Oregon

- Rural training experiences to over 1,200 medical students
- Trained 162 family medicine residents
- Provided training for 5,045 individuals in rural training sites
- Provided training for 2,154 individuals in underserved urban sites
- Provided health career education support to over 8,000 students and 112 high schools

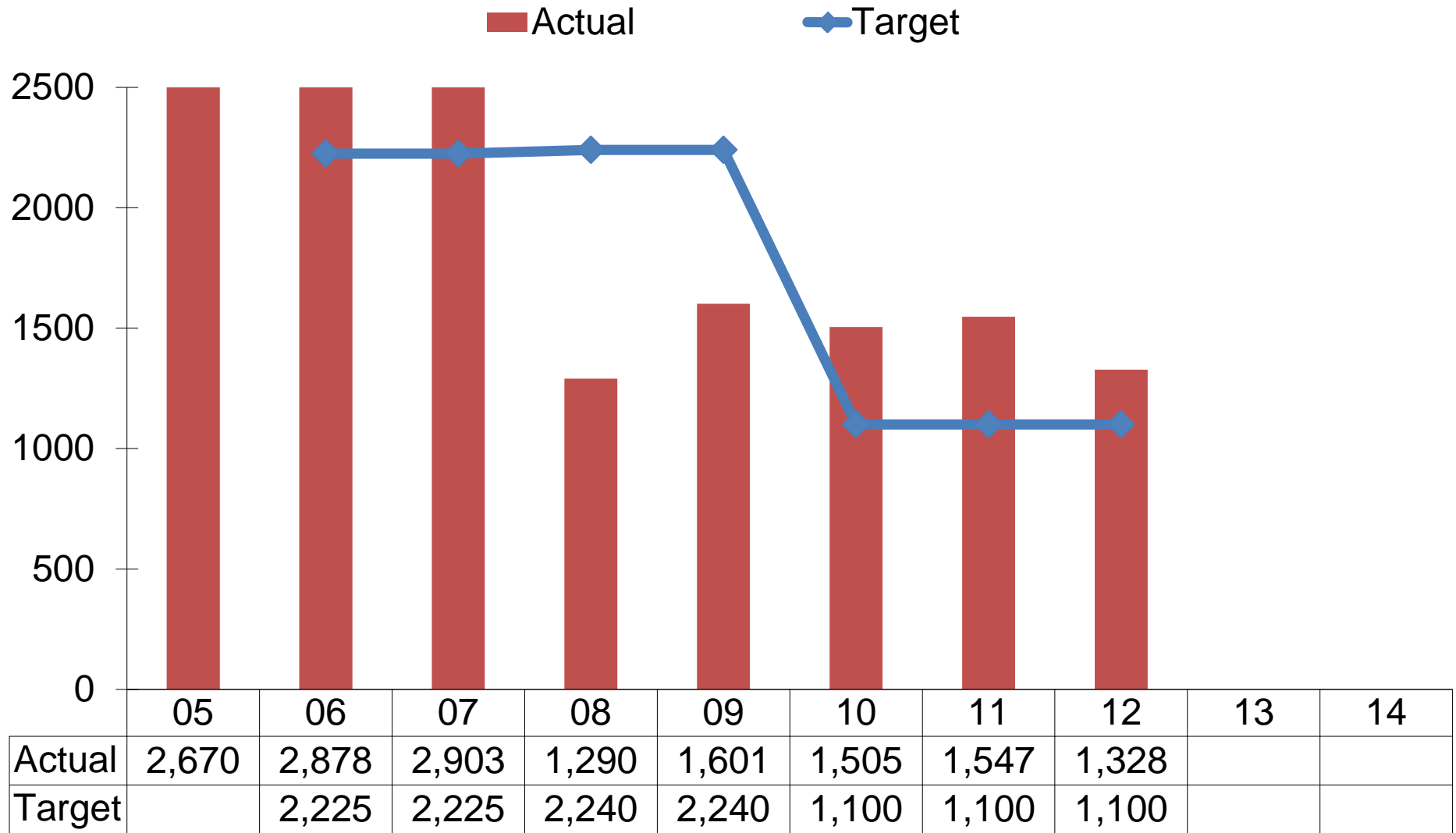
MD Curriculum Redesign

- It is time to undertake a comprehensive MD curriculum redesign, which is a 2 year process
- In the midst of health care reform, now is the time to update how we train physicians. Oregon's future physicians must be patient-centered, team-based, and focused on disease prevention
- Rural rotations are a mandatory core rotation for all third year MD students and it will **remain a core mandatory rotation for students**
- OHSU leadership is committed to increasing our presence in rural Oregon

OHSU KPM: MD Student-weeks Served in Rural Communities



OHSU KPM: Rural Healthcare Education Pipeline Participants



Office of Rural Health

Coordinate statewide efforts to provide health care in rural Oregon:

- Assist rural communities in the recruitment and retention of providers
 - Working with over 100 openings in rural practices
 - Administer the Oregon Partnership State Loan Repayment Program (SLRP) currently 12 clinicians serving rural Oregon
 - Administer the Primary Health Care Loan Forgiveness Program:
 - Begun in 2012, currently 4 students committed to practice in rural Oregon
- Monthly Continuing Education for rural EMS Providers
- Offer Technical Assistance to rural communities to strengthen their health care deliver systems
- The ORH has offered technical assistance to more than 75 rural communities across Oregon

Office of Rural Health

Coordinating statewide efforts to provide health care in rural Oregon:

- ✓ Community Health Improvement Partnerships:
 - Community decision-making to improve the health status of local residents
- ✓ Administer the Oregon Rural Provider Tax Credit to 2,082 clinicians and the Rural Volunteer EMT Tax Credit to 535 volunteer EMTs
- ✓ Administers the Rural Malpractice Subsidy Program to 821 physicians and nurse practitioners
- ✓ Operate an Information Clearinghouse:
 - Community Profiles for every primary care service area in the state
- ✓ Conduct in-depth community health care needs assessments for hospitals and CCOs

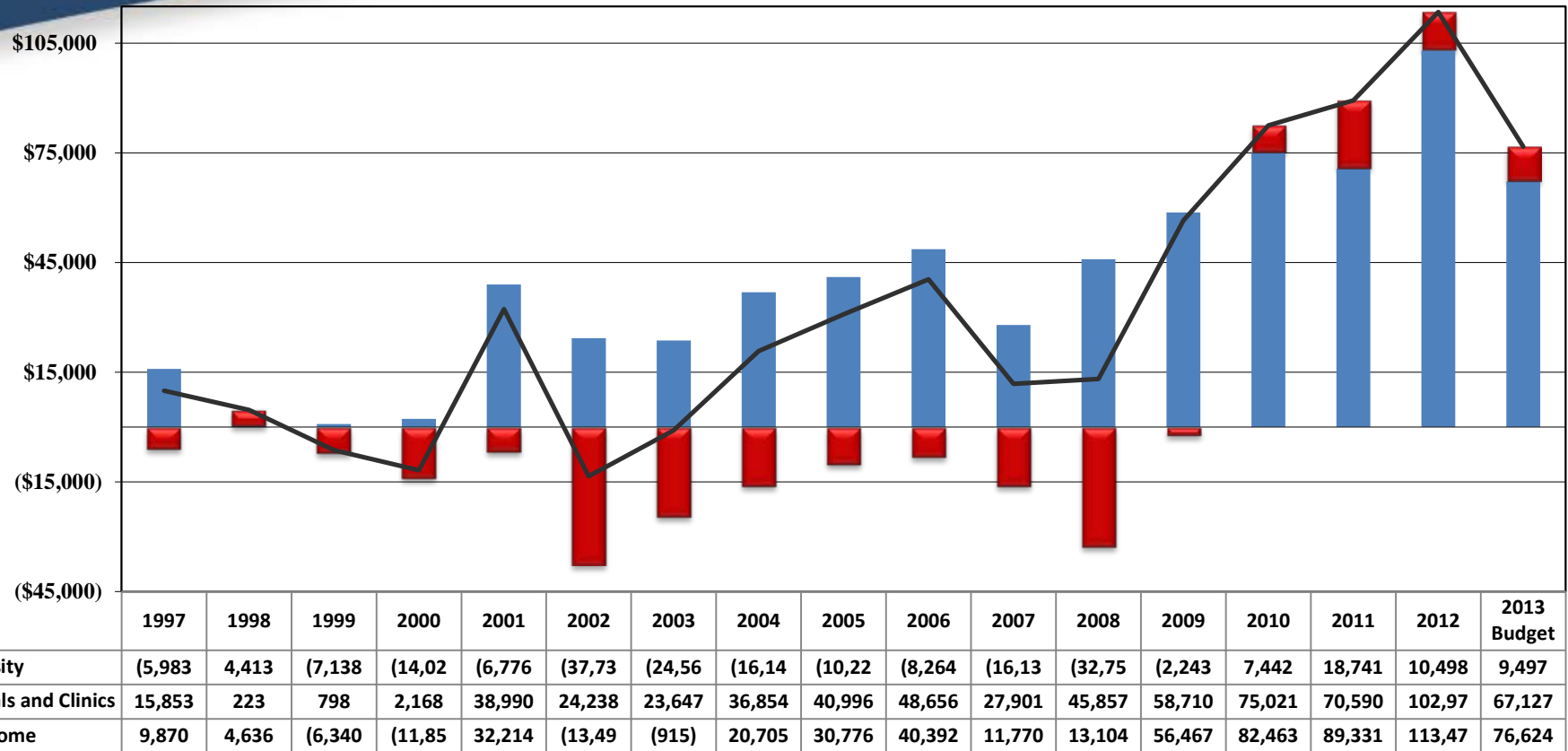
OHSU Finances

Growth and Change

Fiscal Year	Operating Revenue	State Appropriations	Oregon Opportunity Debt Service	Employees	Students
1975	\$80 million	\$34 million		4,325	1,610
1985	\$190 million	\$53 million		5,200	1,200
1990	\$340 million	\$65 million		6,500	1,536
1995	\$499 million	\$60 million		6,651	1,855
2000	\$882 million	\$56 million		10,100	1,854
2005	\$1.18 billion	\$43 million	\$16 million	11,500	2,511
2010	\$1.85 billion	\$38 million	\$16 million	13,292	2,721
2012	\$2.04 billion	\$35 million	\$16 million	13,984	2,802
2013 Budget	\$2.09 billion	\$30 million	\$16 million	14,094	2,849

University & Hospital Net Income

(Excluding Foundation, *In Thousands*)

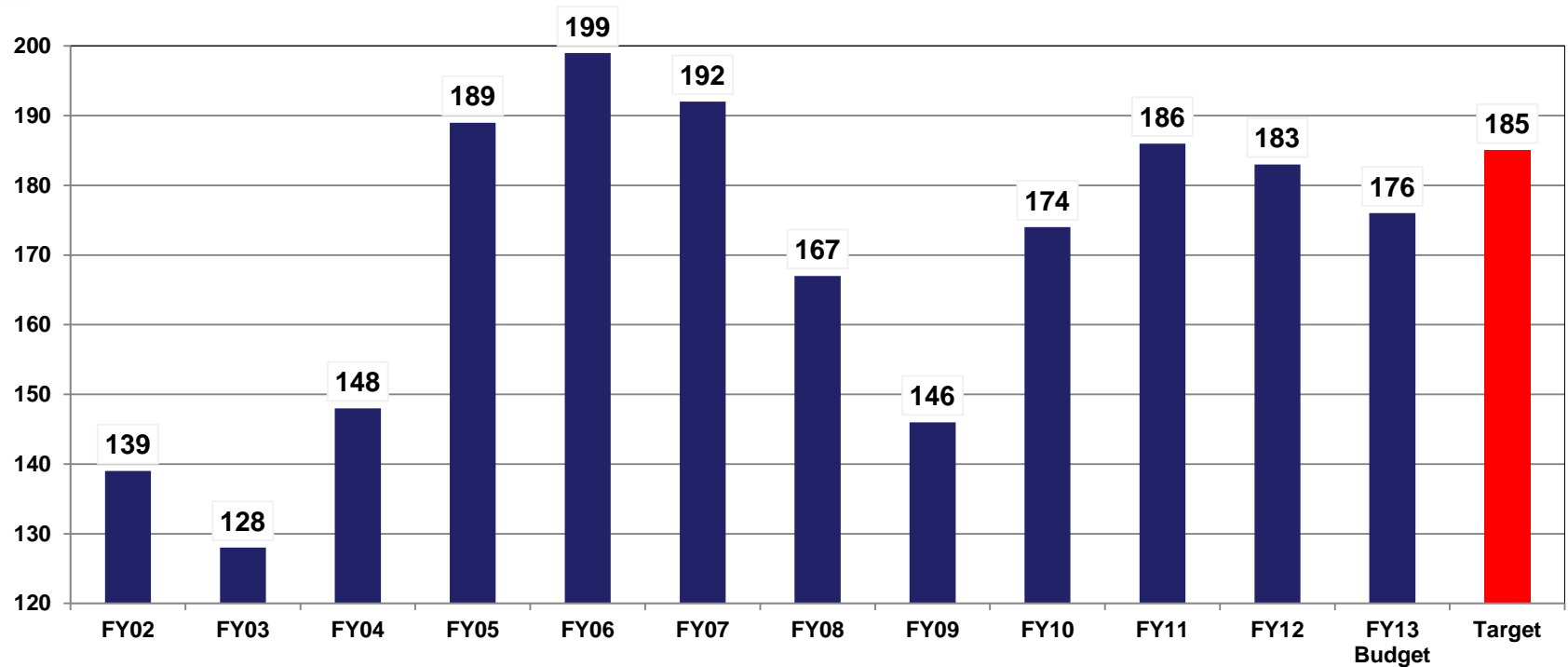


■ Hospitals and Clinics
 ■ University
 — Net Income

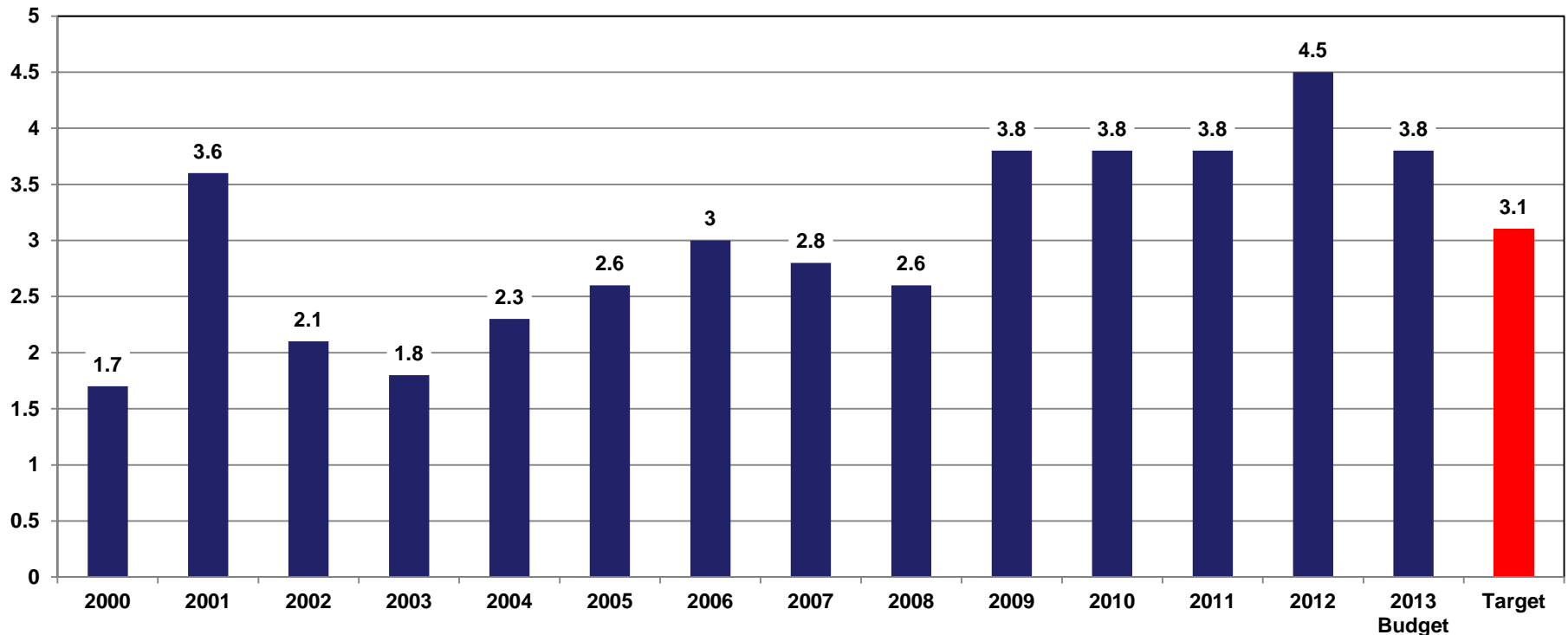


Note: Does not include the impact of the asset accounting change in 2003 and 2004. These figures exclude capital expenditures, but include depreciation expense. Foundation Consolidation began FY99.

S&P Days Cash on Hand



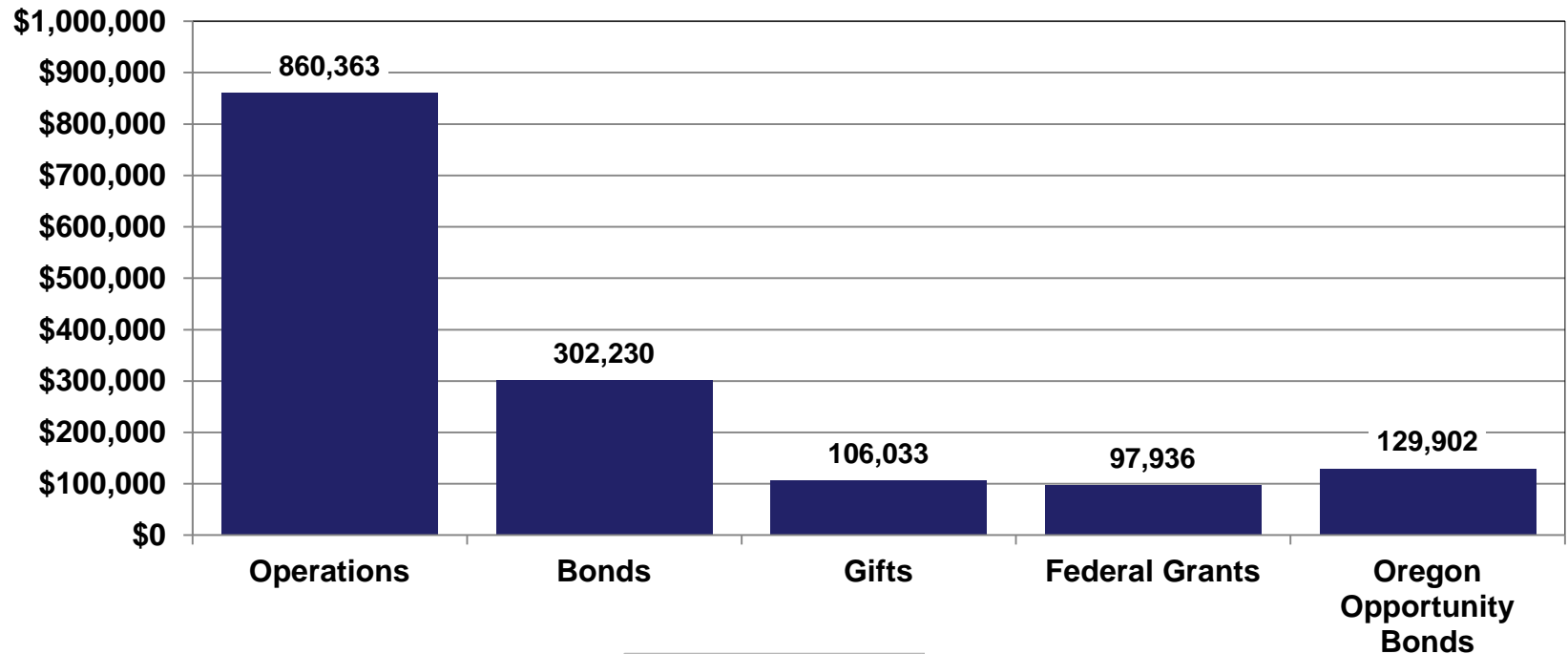
OHSU Debt Service Ratio



Note: This ratio represents the amount of cash flow available from operations to meet the maximum annual interest and principle payment on debt.

Total Building and Equipment Expenditures

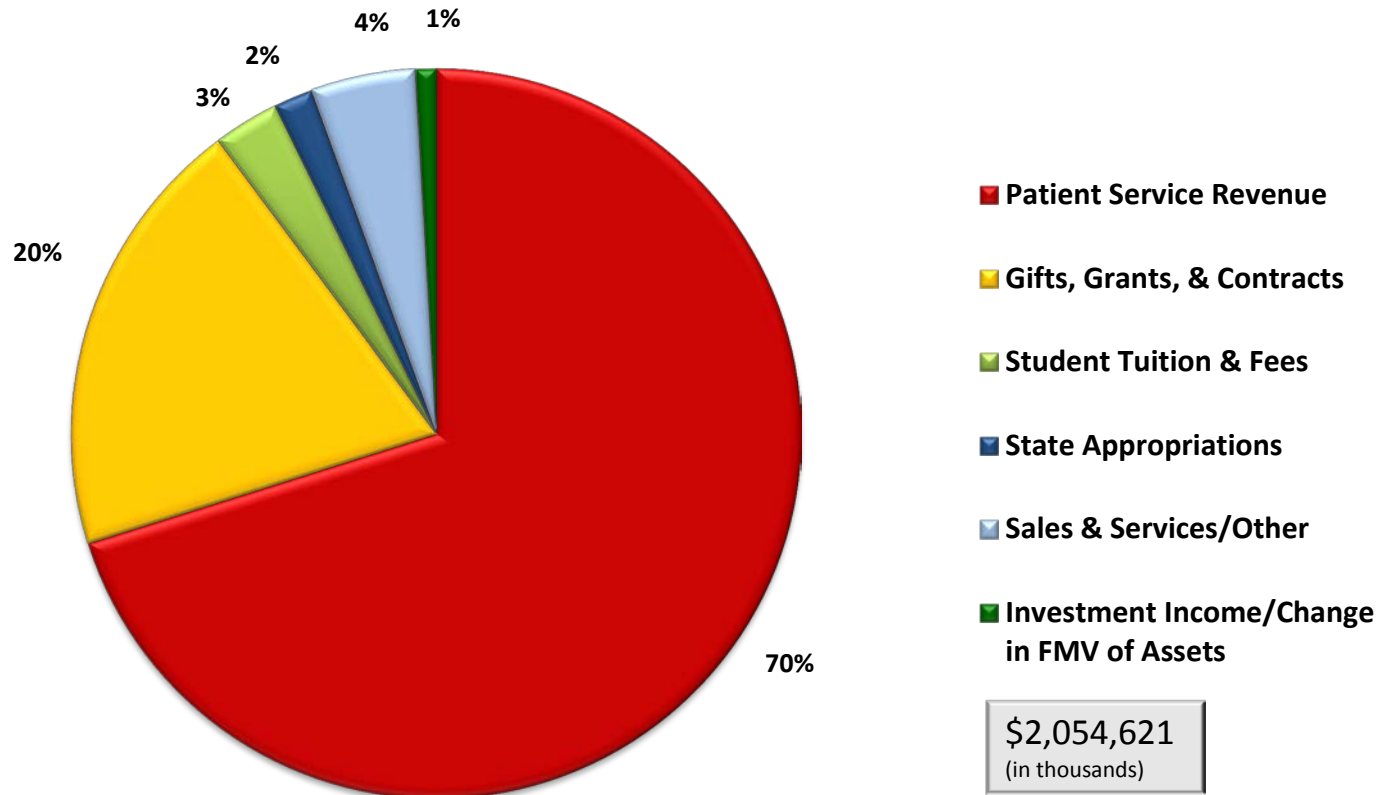
(by Funding Type, FY01-FY12 , *In Thousands*)



Total Investment:
\$1,496,464
(in thousands)

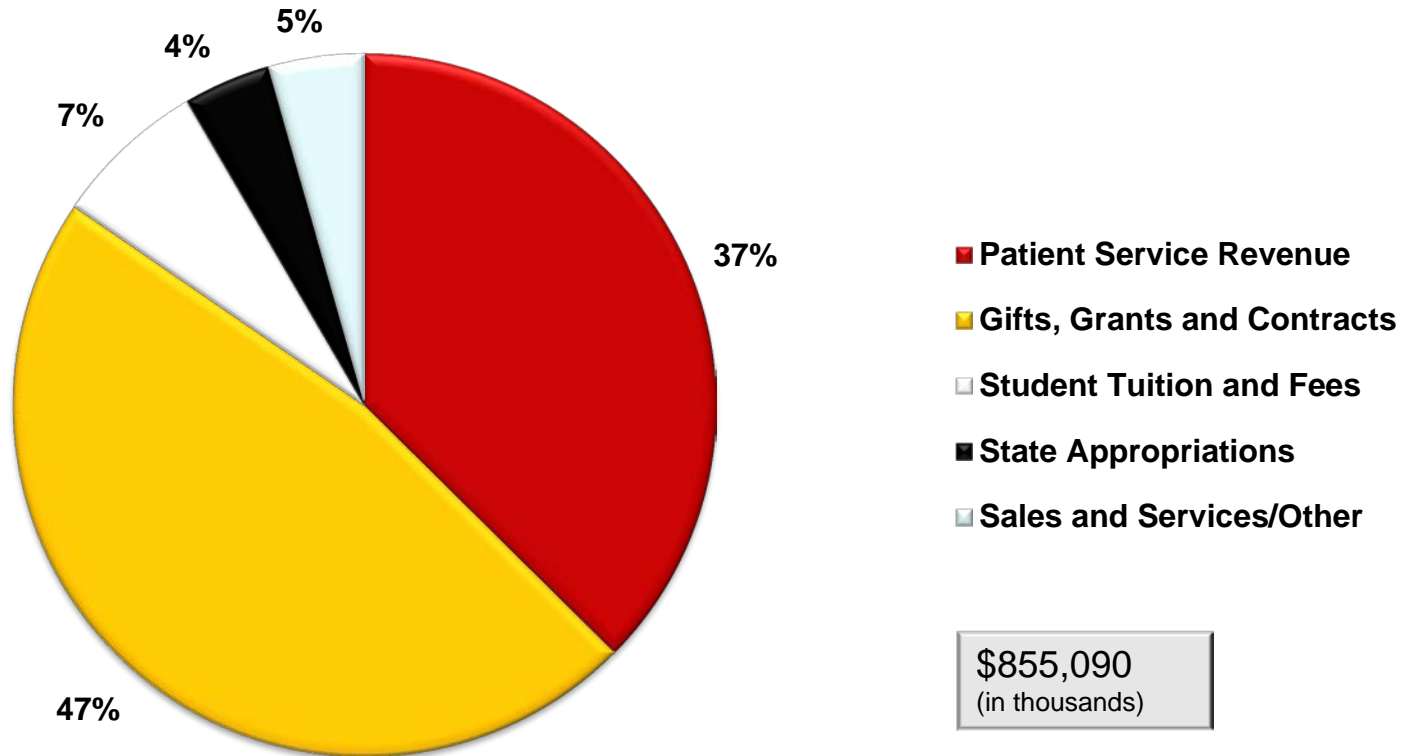


How is OHSU Funded? 2012 Fiscal Year



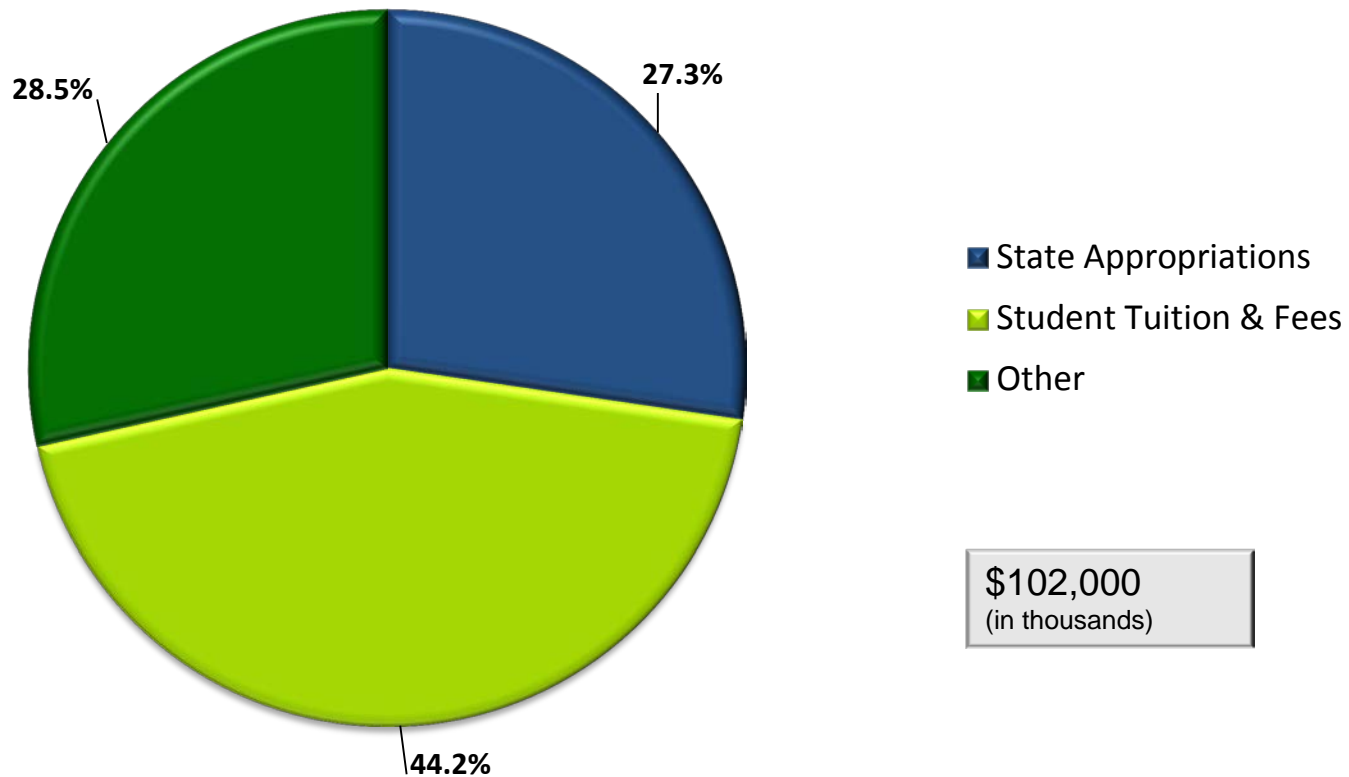
Note: Includes both Unrestricted and Restricted Funds; Patient Service Revenues include reimbursement from Oregon Medicaid.

How is the University Funded? 2012 Fiscal Year



Note: Includes both Unrestricted and Restricted Funds; Other includes interest income and change in FMV of assets; Patient service revenues include reimbursement from Oregon Medicaid.

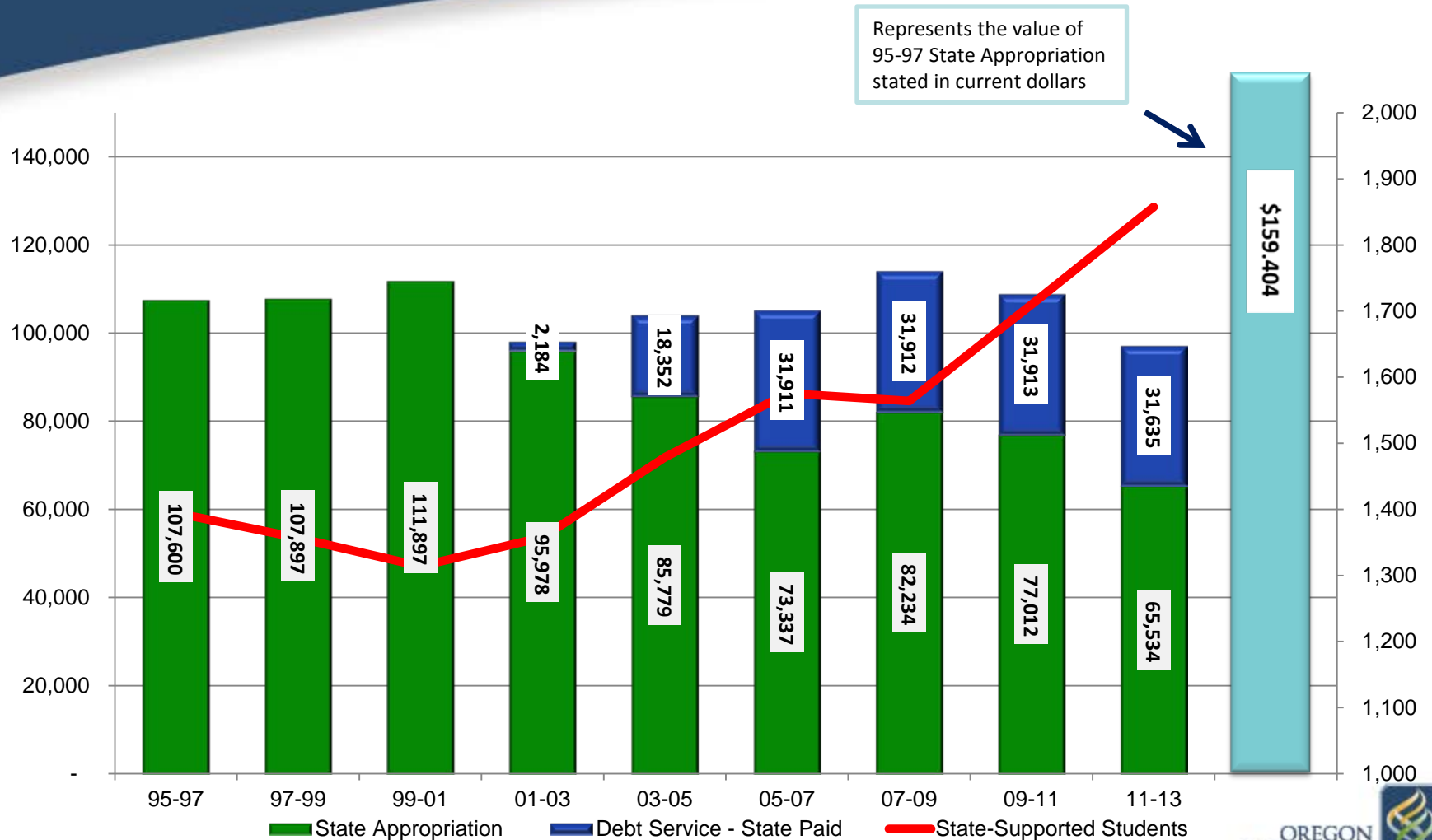
How are State Supported Academic Programs Funded? 2012 Fiscal Year



Note: Includes both Unrestricted and Restricted Funds; Other includes Internal Transfers to fund Education missions, Gifts, Grants and Contracts and Patient Service revenue.

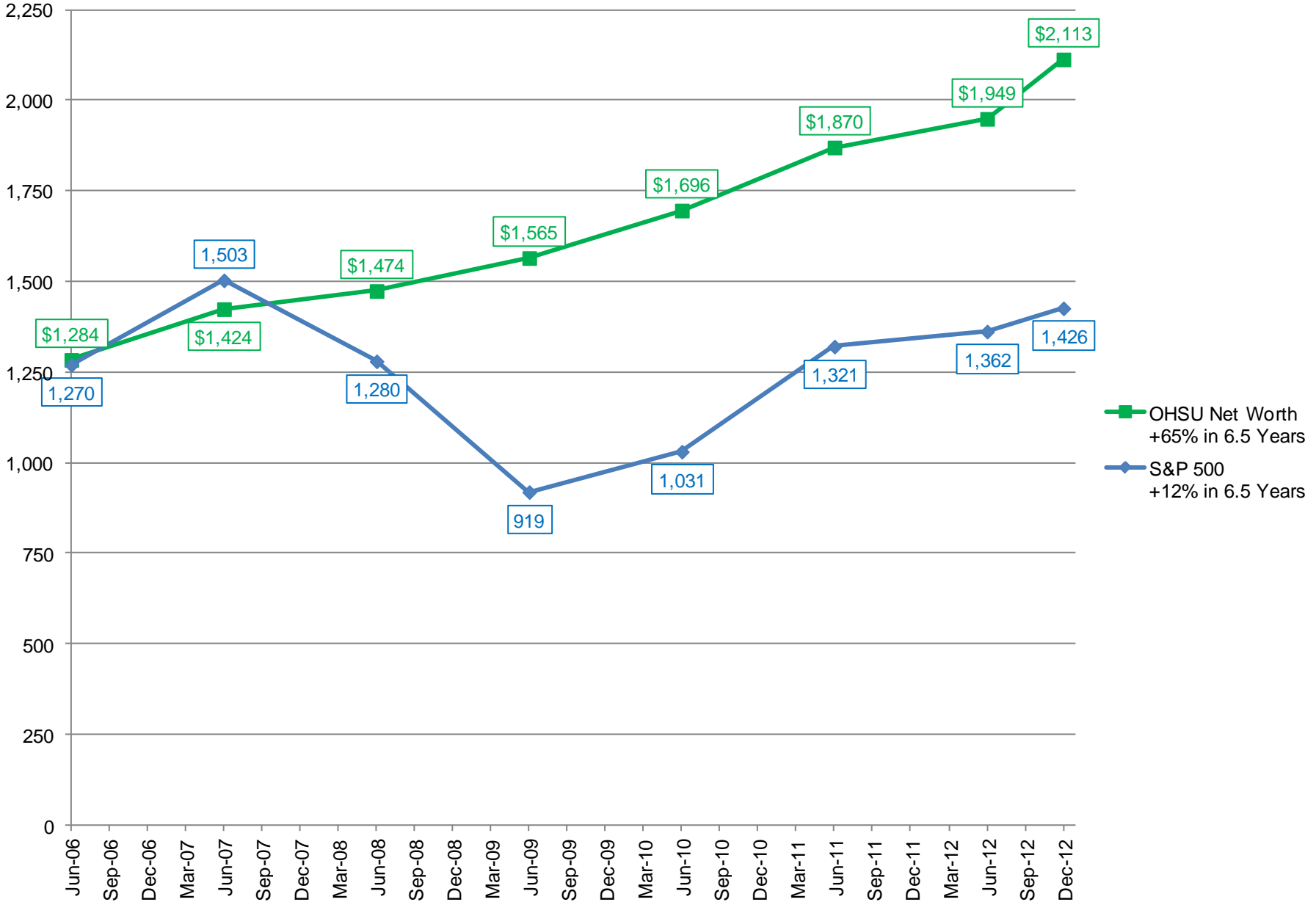
OHSU State Appropriation Including Debt Service

(in thousands)

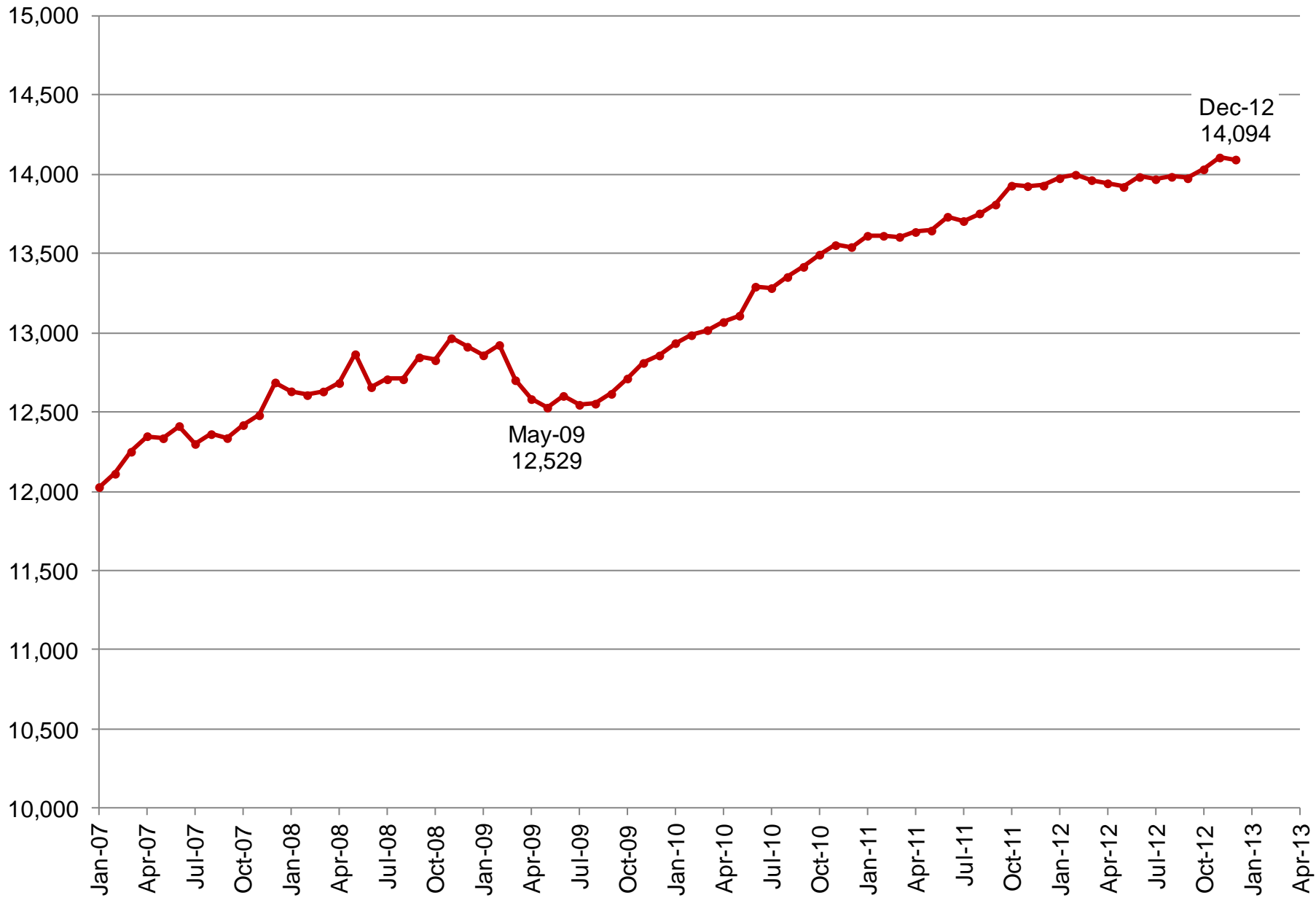


Note: Inflation data taken from the Consumer Price Index (CPI-U: All Urban Consumers), compiled by the Bureau of Labor Statistics
 Inflated totals reflect value of 95-97 appropriation adjusted for inflation beginning July, 1995 to July, 2011; Student figure is based on 2-year average headcount of state-supported programs

OHSU Net Worth Compared to S&P 500: June 30, 2006 to December 31, 2012



Trend in Total OHSU Headcount



Budget Funding Impacts

Impacts of GRB Funding Level on OHSU Schools

- School of Dentistry tuition will increase 9%, as opposed to the planned 8% in FY14-15
- School of Dentistry will reduce the number of Oregon students in the DMD class by 9% in FY14-15 from 42 to 38
- School of Medicine tuition increase will remain at the currently planned 4%
- School of Medicine will change the ratio of resident to non-resident students from 70% to 65%
- The School of Medicine will reduce the number of rural rotations available to its students by 30-40%
- The School of Nursing will increase tuition an additional 1% over planned 2-4%.
- The School of Nursing will seriously consider closing the undergraduate BS program at the Portland OHSU site

Impacts of GRB on AHEC & Rural Health

- The ORH does approximately 130 onsite technical assistance visits each year to critical access hospitals, rural health clinics, Federally Qualified Health Centers, etc. With a 5.5% reduction in appropriations, the ORH expects that this number will drop by about 10%. Technical assistance provided to clinics includes, but is not limited to, needs assessments, practice assessments, board trainings, Rural Health Clinic and Federally Qualified Health Center development and certification requirements, and regulatory guidance.
- The Area Health Education Center (AHEC) will eliminate the manager responsible for the Community Health Clerkship and Oregon Rural Scholars Program
- AHEC will eliminate its funding support to local AHECs for rural K-12 pipeline programs. These are community K-12 programs to which the regional four AHEC's provide some grant support.

Prioritized program list

1. School of Medicine

Educates students in Medicine (MD), Advanced Medicine (Residency), Basic Biomedical Science (Ph.D., M.S.), Public Health (MPH) and Allied Health

2. School of Nursing

Educates students in undergraduate nursing (Entry level practitioners), Advanced Practice (Nurse Practitioners), and Graduate Nursing (Teachers for all Programs including community colleges)

Prioritized program list

3. Statewide Area Health Education Centers (AHEC) program and Office of Rural Health

A collection of 501c(3) and contract entities which train medical students, residents and other health care providers in communities around the state. The AHEC program also supports pipeline and apprenticeship opportunities that recruit young rural Oregonians into health and science careers. Both approaches have resulted in the net recruitment of providers to underserved areas.

4. School of Dentistry

The Office of Rural Health uses its limited state resources to leverage 2-3 fold in federal grants that provide technical and financial assistance to rural hospitals and clinics, in many cases making it possible for them to remain viable and contributing to the economic stability of the region.

The School of Dentistry offers a professional doctoral degree in medicine (D.M.D.); master of science degrees in several dentistry specialties and basic sciences; and several postdoctoral specialty certificates.

Prioritized program list

5. CDRC (Child Development and Rehabilitation Center)

CDRC provides services to children, adolescents and adults with special health care needs and disabilities through statewide interdisciplinary programs and consultations. They provide unique, coordinated, family centered care at university tertiary care centers, and in all counties of Oregon. If funds to CDRC are further reduced, children with special health care needs will be at a higher risk for illness and other complications as a result of non-treatment.

6. Oregon Poison Center

The Oregon Poison Center (OPC) The Oregon Poison Center (OPC) is a 24-hour health care information and treatment resource serving the state of Oregon. The OPC was established by an act of the Oregon State Legislature in 1978 to provide emergency treatment information for patients experiencing a poisoning or toxic exposure. In addition, the OPC has responsibility for providing public education and professional education to health care providers.

SB 2: Response to Tuition & Workforce Challenges

- Insufficient numbers of providers are being produced to replace the current provider population because:
 - The production of new health care providers has been relatively constant over several decades
 - The population is growing and aging
 - Health care providers are also aging
- Over 400,000 Oregonians newly insured in 2014
- Mal-distribution of providers throughout the state
- High cost of tuition

Senate Bill 2 – Policy Option Package

Scholars for a Healthy Oregon

- Originally a policy option package, SB 2 will help OHSU, as Oregon's only public academic health center, to start addressing the shortage of healthcare professionals in Oregon's rural and underserved communities
- The funding package costs \$4.9 million.
- This program will offer to pay the full tuition and fees for students willing to commit, at the time of application, to working in Oregon's underserved or rural communities
- Preference would be given to: first generation college graduates, students from a rural heritage, students with a diverse background, or a graduate from a regional university (EOU, SOU, OIT, WOU)
- The length of the required commitment will be the length of years of study plus one year (Ex: MD 4 yrs education + 1 yr = 5 year commitment)
- Failure to meet this commitment will require the student to pay back the full cost of their tuition and fees plus an additional 25% penalty

Additional Policy Option Package

Tuition Stabilization

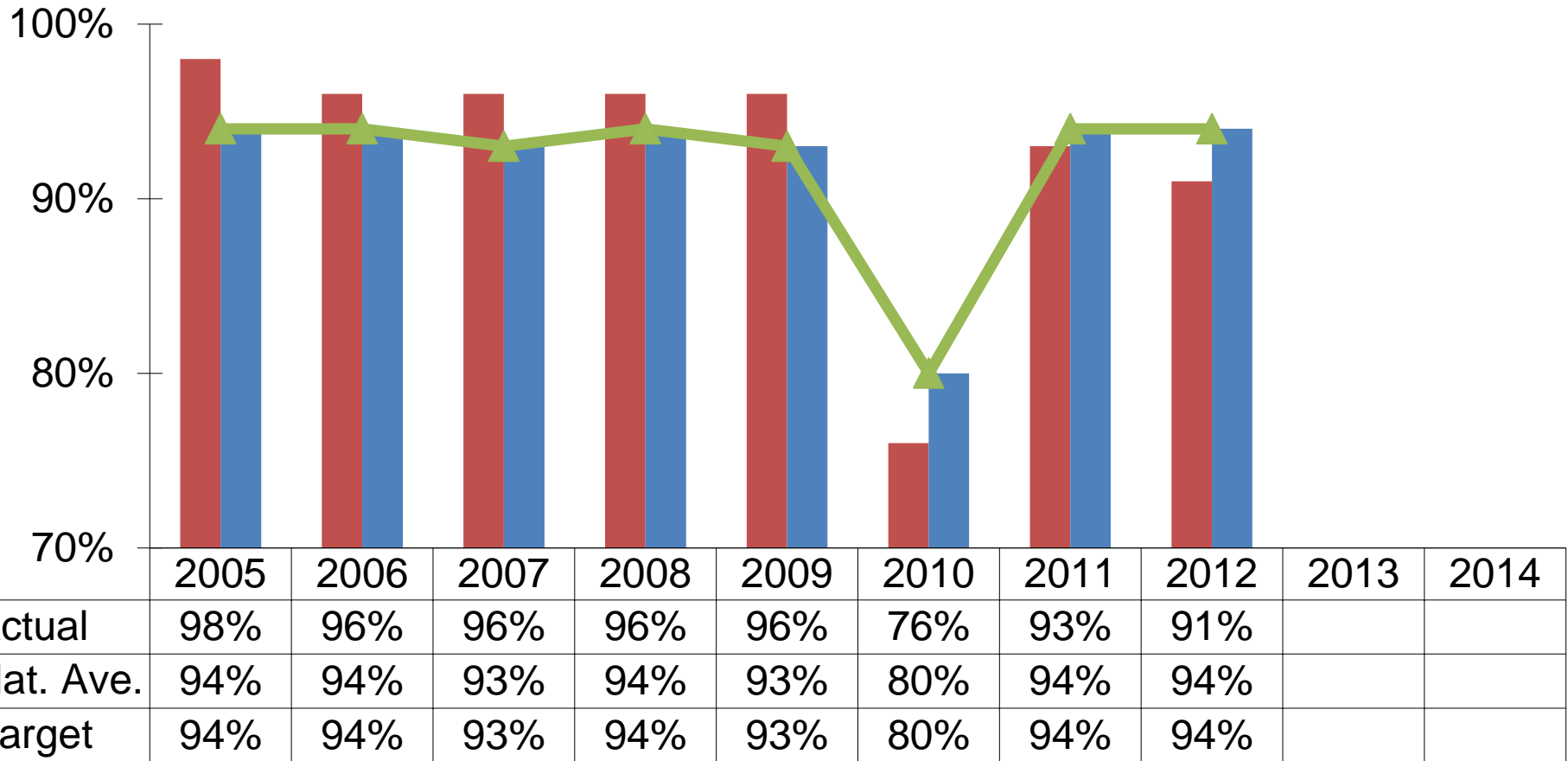
- Requested \$2,905,533 to maintain the tuition and fees across all of its programs at FY13 levels in the Schools of Medicine and Nursing
- Would reduce the annual planned tuition increase in the School of Dentistry from 8% to 4%.
- This POP would help lower the debt incurred by both current and incoming students

Questions?

OHSU KPM: First-time Pass Rate of DMD Students

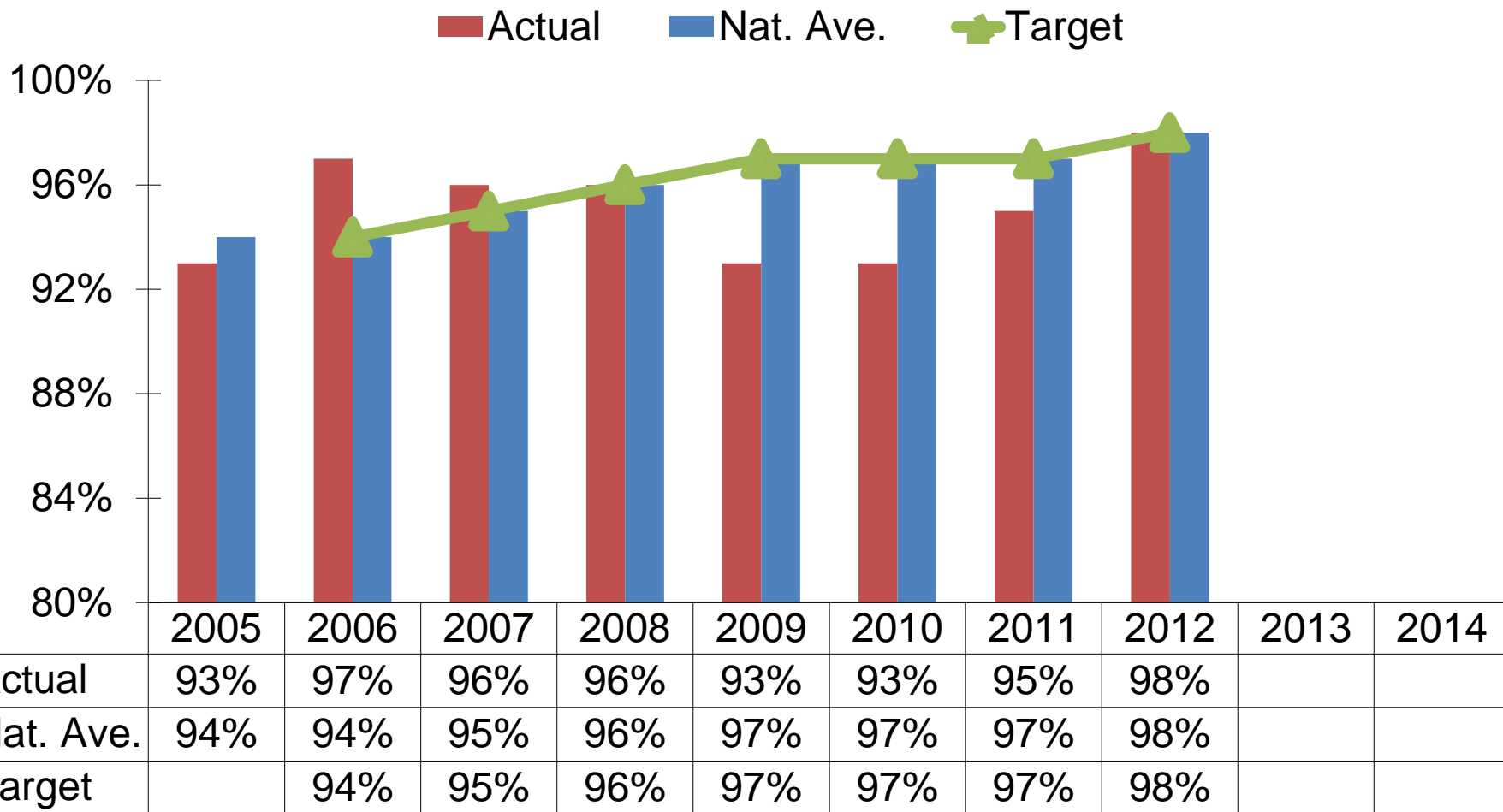
Targets based on actual and projected national pass rates

Actual Nat. Ave. Target

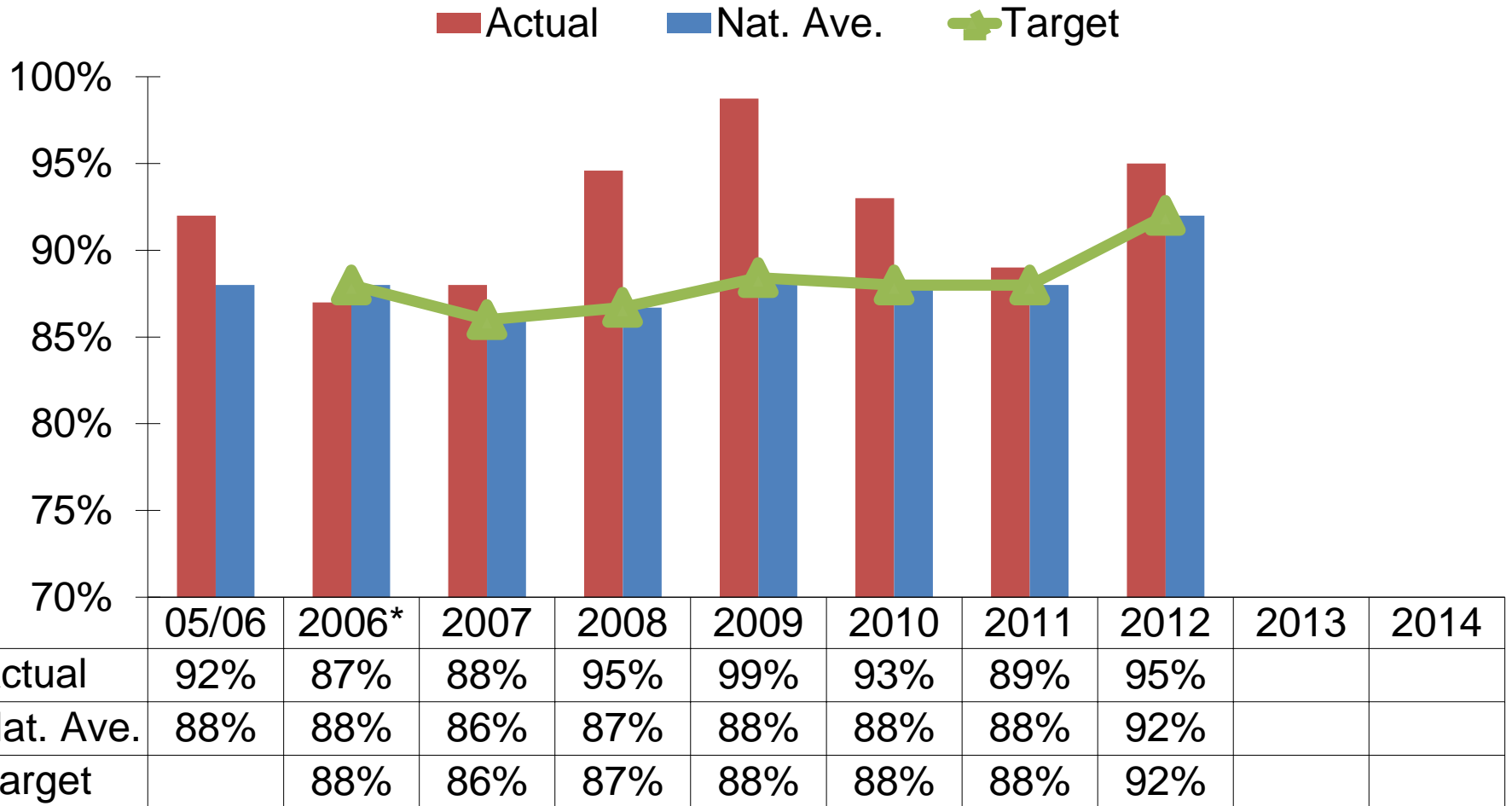


OHSU KPM: First-time Pass Rates of MD Students

Targets based on actual and national pass rates



OHSU KPM: BS Nursing Students Passing Credentialing Examinations



OHSU KPM: Consolidated Unrestricted Net Income From Total Operations

(dollars in thousands)

Actual Target

\$120,000
\$100,000
\$80,000
\$60,000
\$40,000
\$20,000
\$0

	05	06	07	08	09	10	11	12	13	14
Actual	30,776	40,392	11,770	13,104	56,454	82,463	85,076	113,47		
Target		33,056	18,185	34,530	13,878	35,801	53,512	89,331		

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