

THE UNIVERSITY OF WYOMING

BOARD OF TRUSTEES “SPECIAL” MEETING REPORT

June 6, 2011

8:00-9:00 a.m.

Conference Call in Old Main Boardroom

AGENDA

- I. Exception Request for Casper Family Medicine Residency Center, Allen1

APPENDIX

- I. Copy of B-11 Request (*Proposed Budget Exception Letter dated June 6, 2011, sent to Jess E. Ketcham*), Allen.....3

I. AGENDA ITEM TITLE:

Exception request for Casper Family Medicine Residency Center, Allen

CHECK THE APPROPRIATE BOX (ES):

- Work Session
 Education Session
 Information Item
 Other Specify: Special Meeting

The President seeks approval from the Board of Trustees to submit a budget exception ("B-11") request to the State Budget Office. The purpose of the request is twofold:

1. To allow UW to establish and fill new clerical and technical positions in the Casper Family Medicine Residency Center (FMRC)
2. To allow UW to collect and spend clinical revenues generated by the Casper FMRC to support some of these new positions and other clinic operations.

A copy of the B-11 request is appended.

BACKGROUND AND POLICY CONTEXT OF ISSUE:

The Casper FMRC currently operates in affiliation with the Community Health Center of Central Wyoming (CHCCW). In broad terms, UW provides faculty physicians and residents, while CHCCW provides the staff and equipment needed to operate a clinic used by both organizations, in a facility owned by UW.

During the past several months, officials at UW and CHCCW have discussed the transition that will need to occur when the affiliation agreement ends on 30 June 2011. Among the possible outcomes of the transition are scenarios in which UW and CHCCW operate separate clinics. In case such an outcome emerges from the discussions, UW will need to staff and equip its clinic. The offices of the Provost and Vice President for Administration have identified a source of section-2 monies sufficient to partially fund these elements for FY 2012, and administrators in the College of Health Sciences have developed staffing plans and an equipment list.

Staffing the clinic will also require State approval for the B-11 request described above, not for additional state funding, but for authorizations needed to fill positions and spend clinic revenues. To maximize the probability of a smooth transition in resident training and patient care, UW needs to receive this State approval within the next few days.

Key facts about the request include the following:

Number of new clerical positions	15
Number of new care providers (nurses, physician assistants, etc.)	17
Total salaries and benefits per annum	\$2,244,873
Total supplies, contractual services, and other support costs	\$850,000
One-time replacement of equipment	\$1,220,000
Projected clinical revenue	\$2,000,000

WHY THIS ITEM IS BEFORE THE BOARD

The Board of Trustees has the authority to approve or disapprove budget-related requests submitted by UW to the State Budget Office, whether or not the requests include requests for funding per se.

PRIOR RELATED ACTIONS OF THE BOARD

The Board has heard frequent updates on the discussions between UW and CHCCW during the past six months.

ACTION REQUIRED AT THIS BOARD MEETING:

The Board must approve or disapprove the proposed B-11 request.

PRESIDENT'S RECOMMENDATION:

The President recommends approval.

UNIVERSITY OF WYOMING

PROPOSED BUDGET EXCEPTION LETTER

June 6, 2011

Jess E. Ketcham
Budget Division, State of Wyoming
Emerson Building, Room 105
2001 Capitol Avenue
Cheyenne, WY 82002

Reference: Casper Residency Center (WOLFS 2011-167-0100-0101-001-101)

Dear Mr. Ketcham:

For approximately a decade, the Casper Family Medicine Residency Center (FMRC) has been affiliated with the Community Health Center of Central Wyoming (CHCCW). Both the University of Wyoming (UW) and CHCCW are currently preparing for a transition from the current relationship to one in which the FMRC and CHCCW will conduct separate and distinct operations in separate locations. Community Link Consulting was engaged to provide recommendations regarding this transition in order to facilitate seamless patient care in the Casper community. The consultant's report is attached for your review.

In the event of a near-term departure by the CHCCW, or in the event the two entities agree to operate separately in the A Street facility for a period of time, the Casper FMRC would need a mechanism to compensate for the loss of certain resources. According to the current affiliation agreement, which expires June 30, 2011, CHCCW receives all patient revenue generated by FMRC care providers in the A Street Clinic. They also own the clinical equipment and employ most of the non-physician staff needed to operate the clinic.

Restructuring the 2011-2012 Casper FMRC budget would require two specific recommendations from the Budget Division:

- An increase in budget authority based on FMRC's assumption of billing for all services, inpatient and outpatient, provided by the FMRC's providers beginning July 1, 2011. A conservative estimate of \$2 million per year in clinical revenue is based on experience at UW's Cheyenne FMRC and details of this estimate can be found in the attached spreadsheet titled Budget FY 12.
- An increase in authorized employee positions in order to hire nursing and support staff to operate the clinic under the FMRC's clinical operational policies and guidelines. UW would request a total of 32 additional positions, 15 business staff and 17 care providers. Please see the attached Budget spreadsheet for details of the staffing and support needs. (*Note: while these can be viewed as "new" positions, it is more appropriate to think of them as positions that were given up when the FMRC became affiliated with CHCCW. It is also important to note that when these positions were relinquished, so was the associated clinical revenue.*)

Total funding required to accommodate the transition in Fiscal Year (FY) 2012 is \$4.31 million: \$1.22 million to purchase replacement equipment for the A Street Clinic and \$3.094 million for staffing (\$2.24 million) and support (\$.85 million). Utilizing the conservative estimate of \$2 million in clinical revenue, **UW plans to use existing non-appropriated resources to fund the remaining \$2.31 million.** UW's Medical Contract Repayment account, a non-appropriated source of funds containing amounts repaid by physicians prior to July 1, 2005 who attended Creighton University and the University of Washington under Wyoming's medical contract program, would be utilized to purchase the equipment and fund the salary and support costs in excess of the clinical revenue. The attached Budget spreadsheet reflects detailed costs for the 32 positions (salary and employer-paid-benefits) as well as for the support budget. The position titles are generic since UW's Human Resource department has not formally classified these positions yet; however, they align closely with the titles and salary levels used in the Cheyenne FMRC.

In summary, UW is requesting preparation of a B-11 request to 1) increase the 2011-2012 biennium budget authority by \$2 million (clinical revenue) and 2) authorize an increase of 32 business and care provider positions. Any additional information you might need will be provided without delay, and UW personnel are at your disposal to answer any questions you might have. Please do not hesitate to contact me with any questions or needs for additional information.

Sincerely,

Janet S. Lowe
Associate Vice President - Fiscal Administration