

# UNM HEALTH SCIENCE CENTER

## UPDATE FOR LEGISLATIVE FINANCE COMMITTEE

**Paul B. Roth, MD, MS**  
Chancellor for Health Sciences  
CEO, UNM Health System  
Dean, UNM School of Medicine

## **VISION**

The University of New Mexico Health Sciences Center will work with community partners to help New Mexico make more progress in health and health equity than any other state.

## **MISSION**

- Provide an opportunity for New Mexicans to obtain an excellent education in health sciences.
- Advance health discovery and innovation in the most important areas of human health.
- Ensure that all populations in New Mexico have access to the highest quality health care.



THE UNIVERSITY of  
NEW MEXICO



UNM HEALTH SCIENCES CENTER

Academic

Research and Education

School of Medicine

College of Nursing

College of Pharmacy

College of Population  
Health

Office of Research

Health Sciences Library  
& Informatics Center

Clinical & Translational  
Science Center

Health System

UNM Hospital

UNM Cancer Center

UNM Carrie Tingley Hospital

UNM Children's Hospital

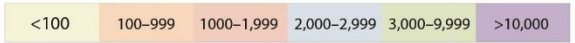
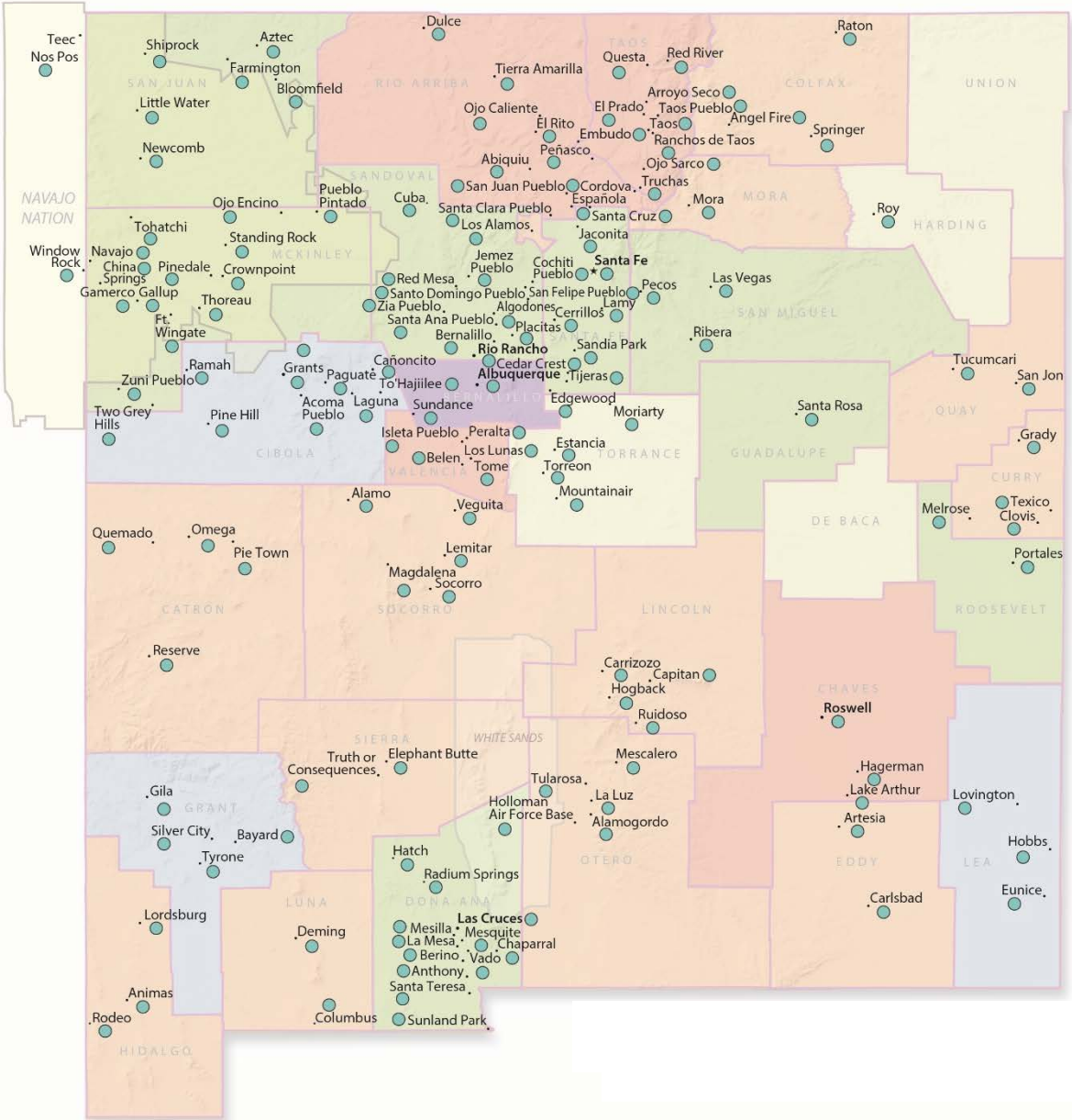
UNM Children's  
Psychiatric Center

UNM Psychiatric Center

UNM Sandoval Regional  
Medical Center

UNM Medical Group

# The whole state is our campus . . .



People served per county

579 Activities in 246 Communities

UNM Health System clinical encounters are not included in these counts. Outreach activities include:

- Education
- Patient Care
- Community Research
- Telehealth Sites

# Finances



# UNM Health Sciences Center

FY 2017 Original Budget versus FY 2017 Re-Forecasted Budget (In thousands)

	FY 2017 Original Budget	FY 2017 Re-Forecasted Budget as of 10/31/2016 *	Dollar Change	Percent Change
<b>Revenues</b>	\$1,985,933	\$1,942,983	\$(42,950)	(2.2)%
<b>Expenses</b>	1,971,290	1,941,046	\$(30,244)	(1.5)%
<b>Net Margin before Non-Recurring Items</b>	\$14,643	\$1,937	\$(12,706)	
<b>Capital/Recruitment/Startup/Scholarships/Non-Recurring Transfers/Use of UNMMG Reserves/Meaningful Use Revenue</b>	(2,147)	(5,247)	\$(3,100)	
<b>Net Margin</b>	<b>\$12,496</b>	<b>\$(3,310)</b>	<b>\$(15,806)</b>	

\* Major assumptions: 1) State 5% rescission of \$4.7M, 2) Medicaid and MCO contract cuts totaling approximately \$40M for all Health System units and School of Medicine clinical operations, and 3) Pediatrics DOH contract cuts of approximately \$2M, 4) cuts are slightly offset by increased revenues of \$3.8M in Project ECHO and UNM Comprehensive Cancer Center.

# Impact of Revenue Reduction

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- If everything remains the same, over 500 jobs will be eliminated
  - 33 physicians, 13 residents, 174 nurses, 167 other hospital staff, 132 academic staff
  - The HSC has implemented aggressive operational efficiencies to mitigate against these cuts (e.g., shared services, LEAN projects, managing FTEs through attrition, reducing contract labor and purchased services)
- Unable to grow nursing program
- Cut access to services

# Terms Defined

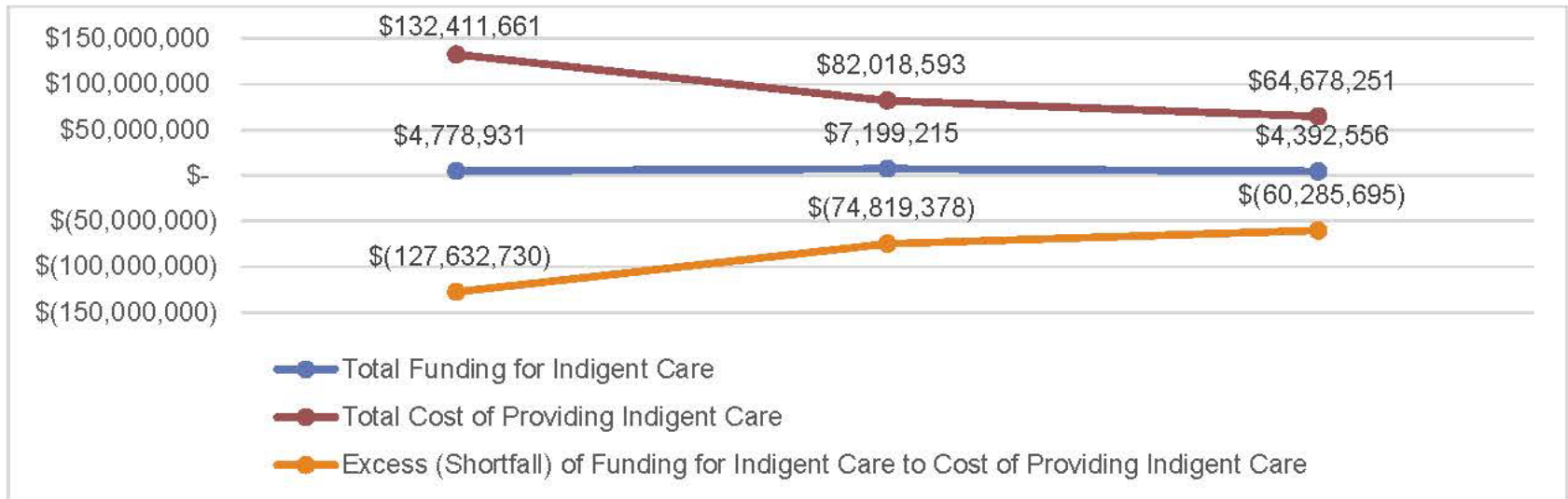
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- **Indigent Care** (also called Charity Care) – health care or services provided to patients who qualify for a financial assistance program based on their income and/or assets \$64,678,251
- **Uncompensated Care** – health care or services provided for which no payment was received by the provider or the patient. Typically patients are uninsured or cannot afford to pay the out-of-pocket costs required by their insurance company (*Indigent Care + Bad Debt = Uncompensated Care*) \$97,942,809



# Indigent Care at UNM

## Indigent Care Costs, Funding and Net Shortfalls in Funding, FY 2014-2016



Indigent Care funding sources: Emergency Medical Services for Aliens (EMSA), charitable contributions, out of county indigent funds.

\* New Mexico Office of the State Auditor – November 2016  
The special audit did not include bad debt

# BA/MD Program

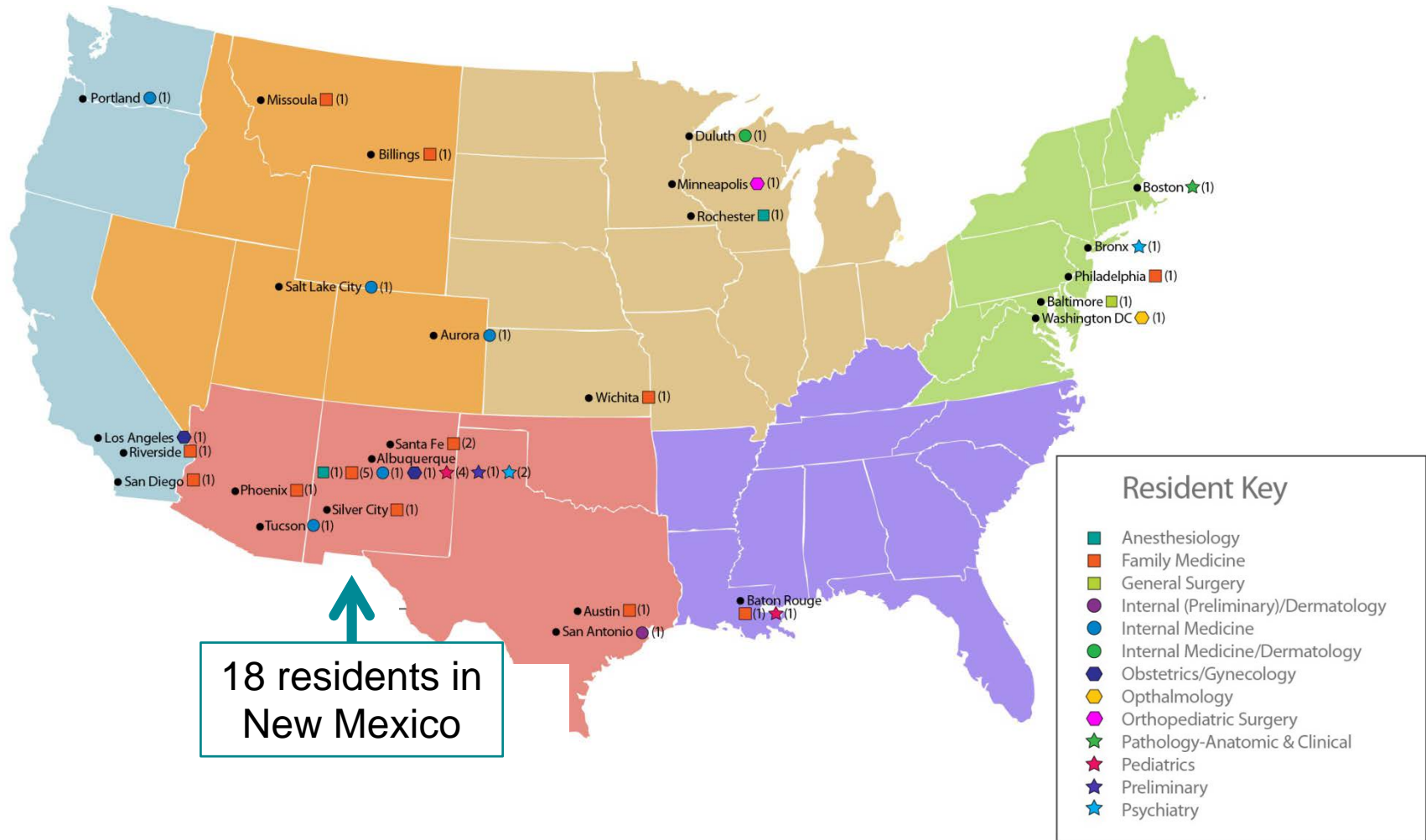
## *Celebrating our 10<sup>th</sup> Anniversary*



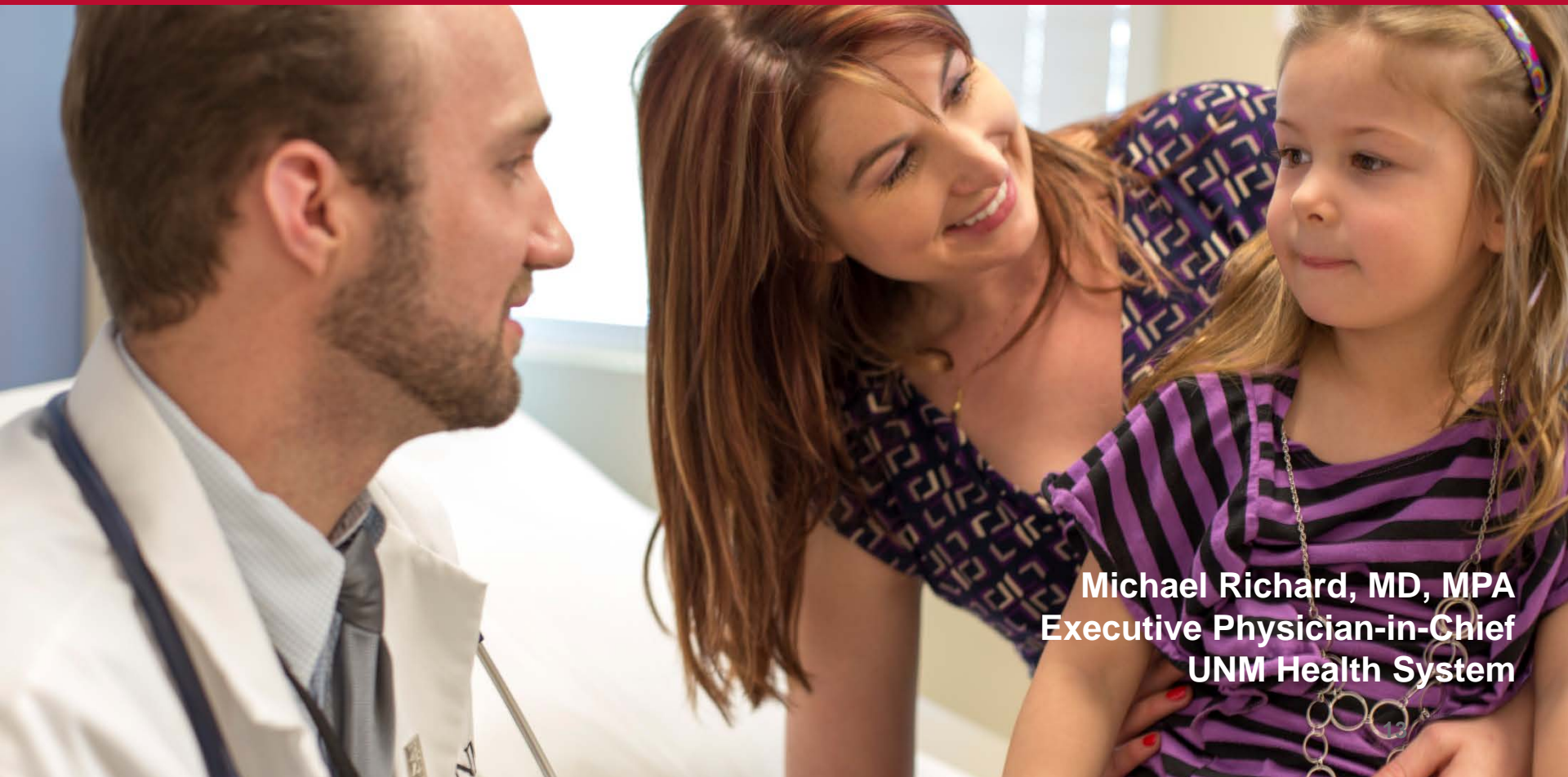
**Valerie Romero-Leggott, MD,  
UNM HSC Vice Chancellor for Diversity,  
Executive Director, UNMSOM BA/MD Combined Degree Program**



# BA/MD – Residency 2016 (40 residents)



# Health Care Insurance



**Michael Richard, MD, MPA**  
Executive Physician-in-Chief  
UNM Health System

# Financial Outlook and Payer Update

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- \$40M (4%) Net Reduction in FY17 Clinical Revenue
  - 70M reduction due to contract changes
  - 30M in backfill revenue to offset the reductions
  - Other mitigation actions include improved efficiency and controlling of expenses
- Key Clinical Contracting Changes
  - Medicaid fee schedule changes
  - Ongoing contracts that were forced into renegotiation via termination
  - Changes in base rates and DRG rates
  - Addition of quality withholds
  - Changes in outlier case/stop loss provisions

# Financial Outlook and Payer Update

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- Ongoing Clinical Contracting Issues
  - Increased movement toward value based reimbursement and risk
  - Medicaid Concerns
    - Future Fee Schedule Changes
    - Movement toward increased value based reimbursement
  - Medicare Trends
    - Shift toward Medicare Advantage
    - Implementation of MACRA
  - Commercial and Individual Market
    - Small group and self-funded plans moving to managed care
    - Concerns over stability of public exchanges
  
- Specific Payer Updates

# Health Care Workforce



**Richard S. Larson, MD, PhD**  
**Executive Vice Chancellor**  
**Vice Chancellor for Research**

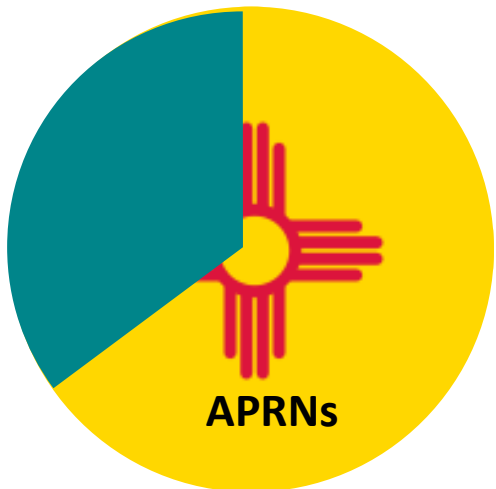
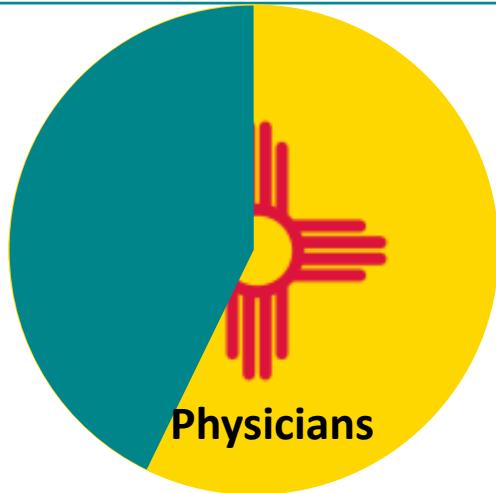


# Accomplishments *Since 2013*

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- Instrumental in enhancing funding for:
  - *Health professionals loan repayment program*
  - *Nursing education expansion*
  - *Allied Health Loan for Service expansion*
  - *State-funded residency positions*
  - *GME funded positions*
  - *Health care workforce financial aid*
- Other impacts
  - *Telehealth services (Project ECHO)*
  - *Community Health Worker training*

# Health Care Workforce in New Mexico

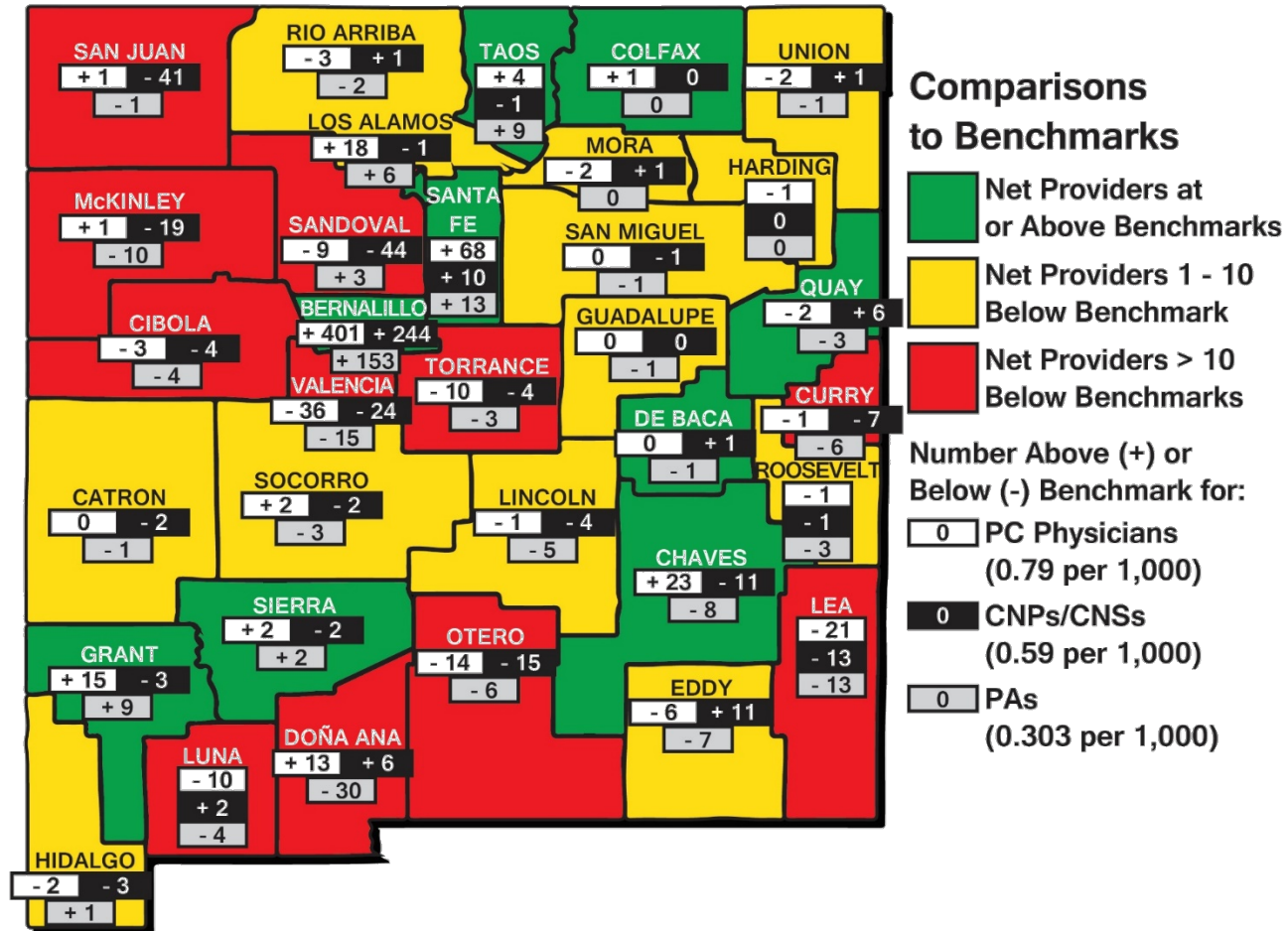


As of 31 December 2015, New Mexico has:

- 9,382 Licensed Physicians
  - 5,367 Practice in New Mexico (57%)
    - 2,075 Primary Care Physicians
    - 253 Obstetrician/Gynecologists
    - 177 General Surgeons
    - 309 Psychiatrists
- 1,995 Certified Nurse Practitioners and Clinical Nurse Specialists
  - 1,293 Practice in New Mexico (65%)
- Increase of 441 MDs and 65 CNPs/CNSs since 2014

# Distribution of New Mexico Primary Care Providers

Primary Care Workforce Compared to Benchmarks, 2015



# Key Points

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The 2015 survey of medical doctors implemented by the Regulation and Licensing Division **omitted the item asking for physicians' specialties**. We were able to estimate specialties for this year by combining specialty data from prior years with board certification data. ***It is critically important that the specialty item be reinstated for future years to allow for robust year-to-year comparisons.***

# Questions?

