

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/CS/HB 391 State Funding for Medical Student Education  
**SPONSOR(S):** State Universities and Private Colleges Appropriations Committee; State Universities & Private Colleges Policy Committee; Proctor  
**TIED BILLS:** **IDEN./SIM. BILLS:**

	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	State Universities & Private Colleges Policy Committee	11 Y, 0 N, As CS	Thomas	Tilton
1)	State Universities & Private Colleges Appropriations Committee	8 Y, 0 N, As CS	Smith	Trexler
2)	Full Appropriations Council on Education & Economic Development			
3)				
4)				
5)				

**SUMMARY ANALYSIS**

CS/CS/HB 391 provides legislative intent to use a funding methodology for 4-year Doctor of Medicine degree programs at state universities that provides a consistent base level of state support on a per-student basis. The bill requires the Board of Governors (BOG) to develop a funding methodology in consultation with the Office of Program Policy Analysis and Government Accountability (OPPAGA) and representatives of each 4-year Doctor of Medicine degree program.

The bill requires the BOG to review prior year expenditures for each of the 4-year Doctor of Medicine degree programs and the national data associated with the costs of medical degree programs offered by public universities. Additionally, the bill requires the BOG to determine:

- a base-level cost per student that does not include startup or supplemental costs;
- the supplemental costs and startup costs associated with supporting the unique mission of a medical degree program at a state university or to support the implementation of new 4-year Doctor of Medicine degree programs; and
- a uniform procedure for annual expenditure and outcome reporting.

The bill requires the BOG to submit a report detailing the methodology to the Governor, the President of the Senate, and the Speaker of the House of Representatives no later than February 1, 2010. The BOG will also be required to use the funding methodology in the development of the Legislative Budget Requests for the 4-year Doctor of Medicine degree programs at state universities.

The bill does not require additional funding.

The effective date of this act is July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Background

Florida is in the process of expanding public medical education programs. Six state universities offer medical education programs – five medical schools, three currently operating (at UF, USF, and FSU) and two planned (at UCF and FIU), and one public/private partnership (FAU/UM). Prior to 2000, only two state universities – UF and USF – operated colleges of medicine. Recent program expansion has led to concerns about funding parity among the colleges.<sup>1</sup>

Florida's medical schools support varying types of instructional programs in addition to the M.D. program. Some of these programs cost more to provide than others. In addition, some medical schools have unique missions, and the variations in these missions may impact operating expenses.<sup>2</sup>

Funding for medical education is complex.<sup>3</sup> Data compiled by the Liaison Committee on Medical Education identified the following revenue sources for public medical schools:

- Grants and contracts – 37%
- Practice plans and hospital services – 35%
- Tuition, fees, and state appropriations – 17%
- Miscellaneous – 7%
- Gifts and endowments – 4%
- Direct federal appropriations – <1%

Medical schools in Florida have varying sources and levels of local revenue available to support their programs.<sup>4</sup> Tuition rates vary widely among the colleges of medicine (from \$18,028 at FSU to \$29,298 at FAU/UM). Colleges of medicine also vary significantly in their faculty practice plan revenues.

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<sup>1</sup> Office of Program Policy Analysis & Government Accountability presentation before the State Universities & Private Colleges Appropriations Committee (February 11, 2009).

<sup>2</sup> *Id.*

<sup>3</sup> See OPPAGA Report 08-36, *Medical Education Funding is Complex; Better Expenditure Data Is Needed*, 1-3.

<sup>4</sup> Office of Program Policy Analysis & Government Accountability presentation before the State Universities & Private Colleges Appropriations Committee (February 11, 2009).

Patient care provided by medical schools, known as faculty practice plans, has historically provided funding to help support medical education programs. Two of Florida's currently operating public medical schools – UF and USF – rely on practice plan revenues to subsidize medical education programs. The two medical schools in the planning stage also intend to use faculty practice plans to subsidize their programs. Most practice plan revenues are used to support the cost of seeing patients. Changes in the healthcare industry may affect practice plan revenues in the future. University officials have voiced concerns about the long-term sustainability of faculty practice plan profits at the current levels.<sup>5</sup>

Statewide data for medical schools has some major limitations. It is not possible to identify state funding for M.D. programs for most of Florida's medical schools because four of six colleges receive a lump sum appropriation for all supported programs. In addition, official SUS cost data for medical schools is inconsistent and incomplete. The process for identifying costs during a student's last two years of medical school produces inconsistent results and faculty practice plan revenues are excluded.<sup>6</sup>

While the use of official SUS expenditure data should be a reasonable starting point for examining parity concerns, OPPAGA report No. 08-36 found the data reflect inconsistent reporting practices across universities and lack sufficient detail to determine the costs of the state's colleges of medicine. Insufficient information on current spending by the colleges of medicine and funding for the colleges of medicine, including information regarding all revenue sources, limits the state's ability to assess funding parity across institutions.<sup>7</sup>

### **Effect of Proposed Changes**

CS/CS/HB 391 provides legislative intent to use a funding methodology for 4-year Doctor of Medicine degree programs at state universities that provides a consistent base level of state support on a per-student basis. The bill requires the Board of Governors (BOG) to develop a funding methodology in consultation with the Office of Program Policy Analysis and Government Accountability (OPPAGA) and representatives of each 4-year Doctor of Medicine degree program.

The bill requires the BOG to review prior year expenditures for each of the 4-year Doctor of Medicine degree programs and the national data associated with the costs of medical degree programs offered by public universities. Additionally, the bill requires the BOG to determine:

- a base-level cost per student that does not include startup or supplemental costs;
- the supplemental costs and startup costs associated with supporting the unique mission of a medical degree program at a state university or to support the implementation of new 4-year Doctor of Medicine degree programs; and
- a uniform procedure for annual expenditure and outcome reporting.

The bill requires the BOG to submit a report detailing the methodology to the Governor, the President of the Senate, and the Speaker of the House of Representatives no later than February 1, 2010. The BOG will also be required to use the funding methodology in the development of the Legislative Budget Requests for the 4-year Doctor of Medicine degree programs at state universities.

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<sup>5</sup> See OPPAGA Report 08-36, *Medical Education Funding is Complex; Better Expenditure Data Is Needed*, 1-3.

<sup>6</sup> Office of Program Policy Analysis & Government Accountability presentation before the State Universities & Private Colleges Appropriations Committee (February 11, 2009).

<sup>7</sup> See OPPAGA Report 08-36, *Medical Education Funding is Complex; Better Expenditure Data Is Needed*, 1-3.

**B. SECTION DIRECTORY:**

Section 1. Creates s.1011.905, F.S.; providing legislative intent; requiring the development of a funding methodology for medical student education at state universities that provides a base level of state support on a per-student basis; providing requirements for the funding methodology to be determined by the Board of Governors in consultation with the Office of Program Policy Analysis and Government Accountability and representatives of the 4-year Doctor of Medicine degree programs; providing for the determination of startup funding for new medical schools or supplemental funding for unique medical programs; requiring uniform reporting procedures; requiring a report; requiring the use of the funding methodology in the development of legislative budget requests.

Section 2. Provides an effective date of July 1, 2009.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

**D. FISCAL COMMENTS:**

CS/CS/HB 391 requires the development of a funding methodology for the 4-year Doctor of Medicine degree program that provides a consistent base level of state support on a per-student basis for all such programs at state universities. The bill does not require additional funding.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not appear to reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

#### **IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**

On March 3, 2009, the State Universities & Private Colleges Policy Committee adopted a Proposed Committee Substitute for HB 391 and reported the bill favorably as a Committee Substitute (CS). The differences between the CS and the bill are:

- The CS requires the Board of Governors to use a funding methodology for medical student education that provides a consistent base level of state support on a per-student basis at all colleges of medicine at state universities regardless of which public institution the student attends.
- The CS removes the requirement that the annual update of the funding methodology be based on inflation and the cost of other policy adjustments.
- The CS removes the requirement that supplemental funding be provided on a per-student basis.
- The CS requires the Board of Governors in consultation with the Office of Program Policy Analysis and Government Accountability to develop uniform reporting procedures applicable to each state university that receives funding pursuant to the bill.
- The CS requires an annual report.

On March 19, 2009, the State Universities & Private Colleges Appropriations Committee adopted one amendment to CS/HB 391 and reported the bill favorably as a committee substitute. The strike-all amendment provides legislative intent to use a funding methodology for 4-year Doctor of Medicine degree programs; requires a review of state and national costs for doctor of medicine programs; removes the requirement that the methodology be updated annually; removes the maintenance of accreditation requirement; and adds the requirement that representatives of the 4-year Doctor of Medicine degree programs be included in the development of the per-student funding methodology.