

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

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

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	<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)	_____	_____	_____	_____
2)	_____	_____	_____	_____
3)	_____	_____	_____	_____
4)	_____	_____	_____	_____
5)	_____	_____	_____	_____

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**SUMMARY ANALYSIS**

CS/HB 391 requires the Board of Governors (BOG) 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 bill requires that the funding methodology be based on costs associated with the 4-year Doctor of Medicine degree as determined by the BOG in consultation with the Office of Program Policy Analysis and Government Accountability (OPPAGA). The funding methodology must be updated annually.

The bill authorizes a supplement, in addition to the per-student base-level funding, to support the unique mission of any college of medicine at a state university or other policy initiatives of the Legislature. The supplemental funding will be determined by the BOG in consultation with OPPAGA.

The bill permits startup funding that is not provided on a per-student basis for new medical schools that are authorized by the Legislature until such time as the first class has graduated.

The bill requires a college of medicine at a state university to maintain accreditation in order to receive the funding for medical student education provided pursuant to the bill.

The bill authorizes the colleges of medicine to seek non-state funds to augment per-student base-level funding.

The bill requires the BOG in consultation with OPPAGA to develop uniform reporting procedures applicable to each state university that receives funding pursuant to the bill.

The bill directs the distribution of funds available for medical student education and 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 school 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/HB 391 requires the Board of Governors (BOG) 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 bill requires that the funding methodology be based on costs associated with the 4-year Doctor of Medicine degree as determined by the BOG in consultation with the Office of Program Policy Analysis and Government Accountability (OPPAGA). The funding methodology must be updated annually.

The bill authorizes a supplement, in addition to the per-student base-level funding, to support the unique mission of any college of medicine at a state university or other policy initiatives of the Legislature. The supplemental funding will be determined by the BOG in consultation with OPPAGA.

The bill permits startup funding that is not provided on a per-student basis for new medical schools that are authorized by the Legislature until such time as the first class has graduated.

The bill requires a college of medicine to maintain accreditation in order to receive the funding for medical student education provided pursuant to the bill.

The bill authorizes the colleges of medicine to seek non-state funds to augment per-student base-level funding.

The bill requires the BOG in consultation with OPPAGA to develop uniform reporting procedures applicable to each state university that receives funding pursuant to the bill.

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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 an unnumbered section; requires the Board of Governors of the State University System to use a funding methodology for medical student education at state university colleges of medicine that provides a base level at state support on a per-student basis; provides 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; requires an annual update of the funding methodology; provides for startup funding for new medical schools; authorizes supplemental funding; requires maintenance of college accreditation; and requires uniform reporting procedures and an annual report.

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/HB 391 directs the distribution of funds available for medical student education and does not require additional funding. The bill requires the use of a funding methodology for medical student education that is based on costs associated with the 4-year Doctor of Medicine degree and provides a consistent base-level of state support on a per-student basis at all colleges of medicine at state universities. Separate allowances are made for startup funds as well as supplemental funds to support the unique mission of any college of medicine at a state university or other legislature initiatives.

### 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 bases 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 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.