

**Nevada System of Higher Education
Public Medical Education Practice Plan
Six Key Initiatives
November 3, 2015**

1. Electronic Medical Records (EMR):

- Identify Electronic Medical Records (EMR) operational and financial issues, including: an analysis of whether it is possible to and advantageous for UNLV School of Medicine to use UNSOM's current EMR, or not; an analysis of the associated ongoing EMR operational payments and debt payments; and an analysis of EMR-related issues associated with UNSOM's transition activities
- Lead: Barbara Atkinson and Tom Schwenk

2. UNLV School of Medicine Practice Plan:

- Development of a UNLV practice plan program business plan, including: details on operations issues; details on financial issues; timing related to creation of a new UNLV School of Medicine practice plan; and issues related to transition of elements from UNSOM's practice plan
- Lead: Barbara Atkinson

3. UNSOM current Practice Plans:

- Clarification of UNSOM practice plan financial issues and identification of plans to resolve these issues both in the north and south, including: identification of what needs to be done to reduce the anticipated operational deficits; development of a business plan which shows the anticipated status in the next 10 months relating to revenues and expenses in a worst-case scenario; and an associated plan for addressing long-term plan deficits
- Lead: Tom Schwenk

4. UNSOM Reno Practice Plan Development:

- Development of a plan for restructuring UNSOM's northern Nevada practice plan, which addresses key operational and financial challenges; creates a plan with an ongoing sustainable business model; and prepares for upcoming LCME visit
- Lead: Tom Schwenk

5. Practice Plan Policy:

- Identification of any practice plan-development or transition-related policy issues that may require Board action
- Lead: Matt Malone, Elda Sidhu and Brooke Neilsen

6. Practice Plan Legal Logistics:

- Identification of the legal-related logistical issues associated with the practice plan transition
- Lead: Matt Malone, Elda Sidhu and Brooke Neilsen



University of Nevada School of Medicine
General Principles for Managing Practice Plan Debt

NSHE Board of Regents
December 3, 2015

At the meeting of the Business and Finance Committee of the NSHE Board of Regents held in September, a request was made to discuss the outlines of a plan to resolve the accrued debt of Integrated Clinical Services (ICS), the UNSOM faculty practice plan. UNSOM reports quarterly in the Fiscal Exceptions Report all funds owed to the UNR/UNSOM for faculty salaries. There are also outstanding Academic Support Tax (AST or “Dean’s tax”) payments due to UNSOM. AST is used to invest in new academic initiatives including start-up support for research faculty members, professional development for faculty members such as the acquisition of new teaching skills, professional travel, and new faculty and student support services.

The current outstanding internal and external debt is:

OWED TO	MSAS	UNR/UNSOM Faculty Salary	Academic Support Tax	Total
OWED FROM:				
MSAN - Faculty Salary		\$ 5,771,900	\$ 1,694,323	\$ 7,466,224
MSAN - Reno Benefits	\$ 262,923			262,923
MSAS - Las Vegas			897,269	897,269
Pharmacy			86,824	86,824
Mojave Mental Health			566,052	566,052
	<u>\$ 262,923</u>	<u>\$ 5,771,900</u>	<u>\$ 3,244,469</u>	<u>\$ 9,279,292</u>

The principles that will guide a plan to retire this debt before the separation of the practice plan as part of the new UNLV School of Medicine will be discussed at the ICS Board meeting scheduled for November 3, 2015 and this plan may be subject to changes based on that discussion, with appropriate updates to the Business and Finance Committee. The proposed principles include the following:

1. Following the forgiveness of all internal debt within ICS, which is the result of 8 years of the ebb and flow of many financial forces that cannot be disentangled, the total outstanding external debt is calculated to be \$9,279,292 as of this date.

2. The current short-term investments of ICS held in the CommonFund through the University of Nevada, Reno Foundation will be liquidated in several stages. The investment balance as of September 30, 2015 is \$5,636,594.46. The first phase of liquidation will be \$2,682,955, and will be directed to payment of the AST, including a portion to be used for payment of the loan to purchase the electronic medical record.
3. An additional short-term investment of \$561,513.82 will also be liquidated, and directed to further payment of the AST, at which point the debt will have been reduced to \$6,034,822.
4. In April, 2015 a Wells Fargo CD was cashed in with the intent of being invested in the CommonFund. These funds will now be released for MSAS (the Las Vegas practice plan) to use for faculty salary reimbursements only. This strategy will not affect current debt, but will assist to avoid the accrual of future debt.
5. From the current date forward, any department that is unable to stay current with faculty salary payments will be required to reduce faculty salaries accordingly. Salary increases based on increased productivity will not be approved unless and until the faculty salary accounts are current. Departments will receive monthly updates on debt status.
6. As the clinical integration with Renown proceeds in Reno, the sale of clinic assets will be used to pay faculty salaries only (so as to minimize the accrual of future debt).
7. As the clinical integration with Renown proceeds in Reno and UNSOM receives AST or productivity payments that may exceed the faculty salary expense, the funds will be used first to retire faculty salary debt.
8. Operating and management costs are under intense scrutiny in order to increase the availability of funds for faculty salary reimbursement and minimize the accrual of future debt.
9. Periodic reassessment will be made to determine when further liquidation of CommonFund investments is required.
10. A status report and further updates will be brought to the Business and Finance committee at the March 2016 meeting.