

Executive Committee Report for May 2017

The Executive Committee of the Faculty Senate met twice during the month of May: May 17th and May 24th.

The Executive Committee (XC) heard reports from Standing Committees, as well as from the Senate Chair and Staff Senate.

The XC discussed issues regarding the required posting of course syllabi by faculty. Some units have requested a member of staff be designated to post syllabi. While no one is against this request, the committee discussed strategies to support more ease in the posting of syllabi by faculty. For example, creating a “boiler plate” template for courses such as internships and co-ops that traditionally do not use a syllabus. In the case of faculty notifying the bookstore of required textbooks, the XC acknowledges that the current system seems difficult to navigate, and allowing for multiple forms of request (web forms, email, etc.), would help streamline the process.

Jeanell Hughes and Lee Smith attended the XC meeting on May 17th. Jeanell submitted a document that outlines the reasons for the elimination of the UofL Health Insurance Waiver. (Document may be found on page 3 of this report). The recommendation from HR is to eliminate the Healthcare Insurance waiver in FY’18 due to ACA compliance issues. The elimination of this waiver is a savings to the University of ca. \$1.5 million annually.

Lee Smith outlined potential opportunities for cost savings to the University including: energy management, procurement initiatives, managed print, and wired/wireless network. No specific data on cost savings has been projected, and the Senate Chair and Vice Chair continue to ask for this data as it is available.

Update regarding unauthorized “hacked” W2 information for some UofL employees: this has been turned over to the police, and they are working with the FBI. Faculty affected have been notified by the IRS, and these Faculty have been given free credit monitoring for 2 years, paid for by Equifax. Business ops will also send a letter to update Faculty on the situation. The University will send an update on general data security issues in Mid-August.

On May 24th, the XC met with Celeste Carter, Director of Finance and Administration for EVPHA, and reviewed sources of revenue for each unit at HSC, as well as projected deficits and compensation/funding for HSC faculty positions. Documents outlining this information may be found beginning on page 4 of this report.

Other Vice-Chair Activities in May include:

Candidate Interviews for Ombudsman position

Pre-Senate meeting with Enid Trucios-Haynes, Tracy Eells and Provost Dale Billingsly

Pre-Senate meeting with Enid Trucios-Haynes and President Postel

CAP Meeting

Meeting with Enid Trucios-Haynes, Jeanell Hughes and Lee Smith

ULAA Board Meeting, Budget Workshop, and Personnel Workshop

Respectfully Submitted,

Krista Wallace-Boaz

Executive Committee of the Faculty Senate, Chair

Faculty Senate, Vice-Chair

U of L Health Insurance Waiver

jnh 17 May 2017

Recommendation

Eliminate the Healthcare Insurance waiver in FY'18 due to ACA compliance issue. Elimination of the waiver is a savings to the University of approximately \$1.5 M annually.

Program Description

Employees eligible to participate in the University Healthcare Insurance program can waive participation and receive a contribution to a Health Flexible Spending Account (FSA) for \$175/month (\$2100/year).

Background

The Commonwealth and the University of Kentucky previously offered an opt-out (waiver) for employees. In 2003, UoL initiated the waiver program as a comparable, competitive benefit. The Commonwealth and UK eliminated their waiver program several years ago.

Rationale for waiver elimination

The Healthcare Insurance waiver does not comply with current the Affordable Care Act (ACA) healthcare regulation for an *Excepted Benefit*. Health FSA plans will fail the *Excepted Benefit* status if it is 1) not offered in conjunction with other non-expected group health coverage, and 2) includes certain employer contributions. The University's waiver is 100% employer funded, thus, fails the later provision.

Excepted Benefits Test for UoL Health Insurance waiver (Health FSA)

A Health FSA is an Excepted Benefit if:

The employer does not contribute any funds to the FSA; **FAIL, the Health FSA is 100% employer funded**, or

The employer makes a dollar-for-dollar match to the FSA; **FAIL, there is no employee match**, or

The employer contributes no more than \$500 to the FSA; **FAIL, the University contributes 100%. There is no employee contribution**, and

The employer offers other non-excepted benefits (such as group health coverage) to the class of employees who are eligible for the FSA. **YES, the University offers group health coverage to eligible employees.**

HSC Finances
Presentation to Faculty Senate Executive Committee
Wednesday, May 24, 2017

Sources of Revenue

EVPHA¹

- General Funds
 - State appropriation
 - Student Health Fee (Campus Health)
- Endowments and Gifts
- Sponsored Research
 - Federal awards (e.g. NIH, HRSA)
 - State and local awards
 - Other non-governmental awards
- Clinical Revenue
 - Campus Health – payments from third party payers
 - Hospital contracts
 - IGT – generated from ULP clinical activity
- Other Miscellaneous Funds

School of Dentistry

- General Funds
 - Tuition revenue
 - State appropriation
- Endowments and Gifts
- Sponsored Research
 - Federal Awards (e.g. NIH, HRSA)
 - State Awards
 - Other non-governmental awards
- Clinical Revenue
 - Dental student patients
 - Dental resident patients
 - Hospital and other contractual support
 - Faculty practice
- Other Miscellaneous Funds
 - Research incentive funds
 - Grant residuals
 - Transfers from EVPHA

School of Medicine¹

- General Funds
 - Tuition revenue
 - State appropriation
- Endowments and Gifts
- Sponsored Research

- Federal awards (e.g. NIH, HRSA, NSF)
- State and local awards
- Other non-governmental awards
- Clinical trials
- Clinical Revenue/Academic Program Support
 - Hospital and Other Contracts
 - Purchased Services – physician services, medical directorships
 - Academic program support
 - Resident support
 - Clinical activity within UL (e.g. Pediatrics-Child Evaluation Center, Medicine-Nephrology)
 - Medicaid revenue
 - Academic program support from University of Louisville Physicians
 - Dean’s Tax
- Other Miscellaneous Funds
 - Research incentive funds
 - Grant residuals
 - Transfers from EVPHA

School of Nursing

- General Funds
 - Tuition revenue
 - State appropriation
- Endowments and Gifts
- Sponsored Research
 - Federal awards (e.g. NIH, CDC)
 - State and local awards
 - Other non-governmental awards
- Clinical Revenue
 - Hospital support
- Other Miscellaneous Funds
 - Transfers from EVPHA

Sources of Revenue – School of Public Health and Information Sciences

- General Funds
 - Tuition revenue
 - State appropriation
- Endowments and Gifts
- Sponsored Research
 - Federal awards (e.g. NIH, HRSA)
 - State and local awards
 - Other non-governmental awards
- Clinical Revenue
 - KentuckyOne Health investment proposal funds
 - Other contractual support

- Other Miscellaneous Funds
 - Research incentive funds
 - Transfers from EVPHA

¹Per PeopleSoft reporting, units under the EVPHA include: HSC Office of Diversity and Inclusion, Campus Health Services, HSC Clinical Trials Unit, Institute for Sustainable Health and Optimal Aging, Get Healthy Now, and HSC Shared Services. All centers and institutes report to the EVPHA so our documents include the following under the EVPHA instead of the School of Medicine: Autism Center, James Graham Brown Cancer Center, Center for Environmental Genomics and Integrated Biology, Center for Genetics and Molecular Medicine, Institute for Cellular Therapeutics, and Research Resources Center.

Projected Deficit

Medical schools across the country are experiencing declining reimbursements while expenses continue to rise. Many academic medical centers (AMCs) are restructuring to align their clinical enterprise (physician practices and teaching hospitals) to achieve economies of scale and aligned funds flow. ECG Consultants have been engaged to assess our AMC and provide recommendations for optimizing revenues and reducing expenses. Areas they have been asked to target for analysis include amount of unfunded research, clinical work assignments relative to clinical productivity, opportunities for shared services with the hospital and practice plan, optimizing revenue cycle management at ULP and revising the faculty compensation plan towards a more performance based model. They are in the preliminary stages of analysis but we hope to have final indices within the next three months to drive strategies for improving our financial health.

Compensation/Funding for HSC faculty positions

- **School of Dentistry** – Faculty salaries are determined on an individual basis, but within a range. Data is available from an annual Faculty Salary Survey conducted by the American Dental Education Association (ADEA) and reported by region/rank/public vs private. However, Dentistry’s salaries at present are being decided by a common, standard amount for general practitioners vs. specialists, and takes into account prior clinical or teaching experience.

Base pay for full-time faculty positions is funded by general funds if available. Part-time lecturers are often paid from clinical funds. Salary paid for faculty practice earnings is paid from clinical revenue generated by the faculty member after the common overhead is covered. Dentistry has almost no salaries paid from endowments, with the exception of one Endowed Professor.

- **School of Medicine** – Faculty salaries are normally determined by benchmarks provided by the American Association of Medical Colleges (AAMC). The AAMC

performs annual salary surveys and publishes the results for the 25th and 75th percentiles, median, and mean for Instructor, Assistant Professor, Associate Professor, Professor, Chief, and Chair. These are broken down by Basic Science and Clinical Science departments and subspecialties. Faculty salaries vary widely by specialty. In addition, clinical departments often have to provide market competitive salaries to attract candidates for a position, particularly where shortages exist. Market competitive salaries factor in what a private practitioner in the same discipline in the same geographic area would earn.

Basic Science faculty compensation funding for with individuals with a higher teaching assignment is normally derived from general funds and possibly endowments. For those with a higher research assignment, they normally have sponsored research supporting a portion of their salary with the remainder supplied by general funds, endowments, EVPHA, and/or hospital funds. Clinical faculty funding can vary in types and percentages of funds. Their compensation can come from general funds, clinical/patient care revenue, hospital contract support, endowments, and sponsored research.

- **School of Nursing** – The American Association of Colleges of Nursing (AACN) “Salaries of Instructional and Administrative Nursing Faculty in Baccalaureate and Graduate Programs in Nursing” in Academic Health Centers is used as a guide when making decisions regarding compensation.

Funding for faculty salaries is usually supplied by general funds with some possible funding from clinical revenue. The amount charged to clinical revenue depends on how much money is generated from practice contracts with various agencies and UL departments.

- **School of Public Health and Information Sciences** – Faculty salaries are primarily determined by two factors: (1) equity among rank within the department (as the various disciplines within public health vary so widely); and (2) the median determined by the Association of Schools and Programs of Public Health (ASPPH) annual survey of accredited schools and programs of public health. The ASPPH survey accounts for numerous factors (e.g. MD/non-MD, public/private institution, rank, discipline and administrative status). For those disciplines for which such information exists, we also consider more targeted surveys, such as the University of Pennsylvania Perelman School of Medicine survey of faculty of epidemiology.

Most new positions are funded from a grant/contract or specifically by the EVPHA/Provost/President. Public Health has one endowment shared with the School of Medicine which is used to fund the Urban Health Policy Chair