

Office of the  
Legislative Fiscal Analyst

## **FY 2002 Budget Recommendations**

Joint Appropriations Subcommittee for  
Health and Human Services

Utah Department of Health  
**Medical Education Program**

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## 1.0 Medical Education Program

### Summary

The Medical Education Program is created in 63C-8-101 UCA to determine the types and numbers of health care professionals needed to provide appropriate levels of health care, to seek public and private funding for clinical training, and to determine a method to reimburse those institutions that sponsor clinical training.

	<b>Analyst FY 2002 Base</b>	<b>Analyst FY 2002 Changes</b>	<b>Analyst FY 2002 Total</b>
<b>Financing</b>			
Beginning Nonlapsing	43,500		43,500
<b>Total</b>	<u>\$43,500</u>	<u>\$0</u>	<u>\$43,500</u>
<b>Programs</b>			
Medical Education Program	43,500		43,500
<b>Total</b>	<u>\$43,500</u>	<u>\$0</u>	<u>\$43,500</u>
<b>FTE/Other</b>			
Total FTE			

## **2.0 Issues: Medical Education Program**

### **2.1 Base Funding for the Medical Education Program**

Funding for the Medical Education Program for FY 2001 was in the form of a one-time General Fund appropriation of \$110,000, which was used to receive matching federal funds in the amount of \$440,000. However, as this appropriation was made with one-time State funds, there is no ongoing funding for FY 2002. The Medical Education Program could likely renew the \$440,000 federal grant if it were to receive another appropriation of \$110,000 from State funds.

### 3.1 Medical Education Program

**Recommendation** The Analyst recommends a budget of \$43,500 for FY 2002 for the Medical Education Program. This funding is from nonlapsing funds.

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Est/Analyst</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund, One-time	500,000	110,000		(110,000)
Federal Funds		401,200		(401,200)
Dedicated Credits Revenue	121,400			
Transfers	4,000			
Beginning Nonlapsing		127,800	43,500	(84,300)
Closing Nonlapsing	(127,814)	(43,500)		43,500
<b>Total</b>	<b>\$497,586</b>	<b>\$595,500</b>	<b>\$43,500</b>	<b>(\$552,000)</b>
<b>Expenditures</b>				
Personal Services	3,279	419,800		(419,800)
In-State Travel		10,900		(10,900)
Out of State Travel		8,600		(8,600)
Current Expense	493,468	118,900	43,500	(75,400)
DP Current Expense	839	37,300		(37,300)
<b>Total</b>	<b>\$497,586</b>	<b>\$595,500</b>	<b>\$43,500</b>	<b>(\$552,000)</b>
<b>FTE/Other</b>				
Total FTE	0	6		(6)

**Purpose** Clinical training programs for physicians, nurse practitioners, physician assistants, and pharmacists are threatened because of the changing health care environment. The movement to managed care has forced institutions to compete on the cost of patient care and those institutions which sponsor clinical training cannot compete for market share when the costs of clinical training is included in their rates. As a result, those institutions that have previously sponsored Graduate Medical Education (GME) are now unable to subsidize clinical training. The Medical Education Council is identifying ways to maximize revenue sources and stabilize funding for clinical training programs.

**Previous Budget Increase** The 1999 Legislature approved one-time funding in the amount of \$500,000 to stabilize a family practice residency program and preserve its viability as a source of physicians to enter practice in Utah. This funding was contracted with the St. Mark’s Health Care Foundation to secure the full compliment of new first-year residents so that the program has the full 12 residents for the three-year program. This one-time funding helped preserve the family practice training program displaced by St. Mark’s Hospital as it discontinued funding of GME. The Foundation has been working on building the base plus some reserves, so that any future market shift can be met without the need of State assistance. The Council has developed processes to encourage more graduates to enter practice in Utah, rather than go elsewhere.

During 1999, the Council administered the \$500,000 appropriation made to help stabilize the Family Practice Residency program sponsored by St. Mark's Health Care Foundation. It also conducted surveys dealing with physicians, physician assistants, and advanced practice nursing. In addition, the Council reviewed the impact of the Balanced Budget Act on Utah, health care facilities, and Graduate Medical Education; worked with the AHEC to obtain grant funding for a rural residency program; and worked with Medicaid to determine the best process for the managed care portion of Medicaid to participate in the funding of GME.

Last year, the Legislature approved a one-time funding increase of \$110,000. With these funds, the Medical Education Council applied and received a federal grant in the amount of \$440,000 to fund a demonstration project. With this funding, the MEC completed an analysis of the state's need for physicians, nurse practitioners, and physician assistants through the year 2020. This report, which will be published just in time for the legislative session, will show the looming problems in the healthcare workforce.

**Continuation of  
MEC funding**

The MEC is requesting continuing funding of \$110,000 which is needed to secure the \$440,000 match of federal funds.

#### 4.0 Additional Information: Medical Education Program

#### 4.1 Funding History

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
General Fund, One-time			500,000	110,000	
Federal Funds				401,200	
Dedicated Credits Revenue	5,000		121,400		
Transfers	31,535	49,465	4,000		
Beginning Nonlapsing				127,800	43,500
Closing Nonlapsing		(8,794)	(127,814)	(43,500)	
<b>Total</b>	<u>\$36,535</u>	<u>\$40,671</u>	<u>\$497,586</u>	<u>\$595,500</u>	<u>\$43,500</u>
<b>Programs</b>					
Medical Education Program	36,535	40,671	497,586	595,500	43,500
<b>Total</b>	<u>\$36,535</u>	<u>\$40,671</u>	<u>\$497,586</u>	<u>\$595,500</u>	<u>\$43,500</u>
<b>Expenditures</b>					
Personal Services	34,000		3,279	419,800	
In-State Travel		18,506		10,900	
Out of State Travel				8,600	
Current Expense	2,157	22,165	493,468	118,900	43,500
DP Current Expense	378		839	37,300	
<b>Total</b>	<u>\$36,535</u>	<u>\$40,671</u>	<u>\$497,586</u>	<u>\$595,500</u>	<u>\$43,500</u>
<b>FTE/Other</b>					
Total FTE			0	6	

**4.1 Federal Funds**

<b>Program</b>		<b>FY 2000 Actual</b>	<b>FY 2001 Estimated</b>	<b>FY 2002 Analyst</b>
Medical Education Program	Federal		\$401,200	
HCFA Medical Education Grant	Required State Match		110,000	
	<b>Total</b>	<b>0</b>	<b>511,200</b>	<b>0</b>
	<b>Federal</b>	<b>0</b>	<b>401,200</b>	<b>0</b>
	<b>Required State Match</b>	<b>0</b>	<b>110,000</b>	<b>0</b>
	<b>Total</b>	<b>\$0</b>	<b>\$511,200</b>	<b>\$0</b>