

Lower Wisconsin State Riverway Board

(LFB Budget Summary Document: Page 374)

No Issue Papers Have Been Prepared

Budget Memo

Agency: Lower Wisconsin Riverway Board

Staff Recommendations:

No FB Papers have been prepared. - no action needed
working from gov's budget

LOWER WISCONSIN STATE RIVERWAY BOARD

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
2	GPR Shift to the Conservation Fund
3	Computer Services
4	Travel Costs

Marquette Dental School

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LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

- Dental Clinics Funding (Paper #550)

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE**Dental Clinics Funding (Marquette Dental School)****CURRENT LAW**

The Marquette University School of Dentistry receives \$2,300,000 GPR in 1996-97 to provide dental services to low-income individuals at health clinics in the City of Milwaukee and inmates at correctional centers in Milwaukee County. The Marquette University School of Dentistry is a private, state-aided institution of higher education.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The Marquette Dental School did not submit a request for additional funding during the budget request process in the Fall of 1996. However, during its March 19, 1997, briefing before the Joint Committee on Finance, the Dental School requested \$500,000 annually to support the operations and services of its dental clinics program.

2. The Marquette Dental School provides dental services to low-income individuals through partnerships with five local health clinics. Three of these clinics are in the City of Milwaukee and two clinics are located in the rural areas of Wild Rose (Waushara County) and Cashton (Monroe County).

3. The state has been providing GPR support for the Dental School's clinic services since 1989-90. Funding has been at \$2,300,000 GPR annually since 1992-93.

4. In April, 1993, the final report of Governor's Commission on Dental Care recommended that the Marquette Dental School receive an additional \$500,000 GPR annually contingent on: (a) the establishment of accountability standards and strengthened state oversight by the State Dental Advisory Council; (b) the Dental School meeting these accountability standards without further significant state funding increases beyond the \$500,000 annually; and (c) the Dental School taking a more active role in trying to address dental care access problems by developing and implementing a 4th and/or 5th year training and service program for dental students.

5. Following the Commission report, the state did not form an Advisory Council or accountability standards; however, Marquette Dental School did implement a 4th and 5th year residency program through which students rotate among the five clinics with which the Dental School maintains partnerships. Additionally, the Dental School expanded its services at the three clinics in Milwaukee and began providing services at the Wild Rose clinic in June, 1994 and the Cashton clinic in January, 1996.

6. The Dental School indicates that the \$500,000 additional annual support from the state is necessary to continue providing dental services at these five clinic sites. Since 1990, the School has been operating with an annual deficit, primarily due to its partnerships with clinics in low-income areas. In 1996-97, the Dental School expects to complete the fiscal year with a \$1,834,500 operating deficit. Although all of the clinics contribute to this deficit, approximately \$390,000 of the imbalance is due to services provided at the Cashton and Wild Rose clinics, from which the School receives no revenue.

7. Currently, annual deficits are covered through Marquette University general funds; however, due to the fiscal constraints and competing demands faced by the University, the Dental School has been informed that the University will no longer be able to cover the Dental School deficit.

8. The School indicates that it would have to reduce its services at all five clinics and possibly terminate its partnerships with the two newest clinics if it is unable to secure additional state funding. Further, due to the current shortfall in revenues, the Dental School argues that it will be unable to expand its clinic partnerships into other areas of the state before achieving greater financial stability.

9. Arguably, with limited state GPR available, providing funding to a private institution of higher education for programming that is not statewide in nature may not be a priority for state funding.

10. On the other hand, the clinics' mission to train dental students while serving low-income residents could be viewed as a positive use of state resources. If the Committee wishes to provide funding to the Dental School at a lesser amount than the \$500,000 annually, it could provide \$390,000 annually to offset the budget deficit due to services at the Cashton and Wild Rose clinics. Alternatively, a lesser amount of \$183,500 annually could be provided, which would represent approximately ten percent of the projected 1996-97 operating deficit of the Dental School.

11. Under current law, state funding may be utilized to support services at the three clinics within Milwaukee, but not the two outstate clinics. If the Committee would like to broaden the purposes for which the dental services funding may be used, it may wish to allow state funding to be utilized at the two existing and any future outstate dental clinic partnerships.

ALTERNATIVES TO BILL

A. Funding

1. Provide \$500,000 GPR annually to the Marquette University School of Dentistry for dental services to low-income individuals at the health clinics with which the Dental School maintains partnerships.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$1,000,000

2. Provide \$390,000 GPR annually to the Marquette University School of Dentistry for dental services to low-income individuals at the health clinics with which the Dental School maintains partnerships.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$780,000

3. Provide \$183,500 GPR annually to the Marquette University School of Dentistry for dental services to low-income individuals at the health clinics with which the Dental School maintains partnerships.

<u>Alternative 3</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$367,000

4. Maintain current law.

B. Use of State Funding

1. Eliminate the current restriction on state funding for clinics that specifies that funding may only be used for clinics in the City of Milwaukee.

2. Maintain current law. *No action necessary.*

Prepared by: Ruth Hardy

MO# Alt 1 (part A)

1 BURKE	<u>Y</u>	N	A
2 DECKER	<u>Y</u>	N	A
GEORGE	<u>Y</u>	N	A
JAUCH	<u>Y</u>	N	A
WINEKE	<u>Y</u>	N	A
SHIBILSKI	<u>Y</u>	N	A
COWLES	Y	<u>N</u>	A
PANZER	Y	<u>N</u>	A
JENSEN	Y	<u>N</u>	A
OURADA	<u>Y</u>	N	A
HARSDORF	<u>Y</u>	N	A
ALBERS	<u>Y</u>	<u>N</u>	A
GARD	<u>Y</u>	N	A
KAUFERT	Y	<u>N</u>	A
LINTON	<u>Y</u>	N	A
COGGS	<u>Y</u>	N	A

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 11 NO 5 ABS 0

AYE _____ NO _____ ABS _____

Medical College of Wisconsin

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LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

- Family Practice Residency Program (Paper #554)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Family Practice Residency Program (MCW)

CURRENT LAW

In 1996-97, \$3,190,000 GPR is appropriated to the Medical College of Wisconsin (MCW) for the development and operation of family practice residency programs.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Since 1977-78, GPR has been used to support MCW's family practice residency program which consists of a three-year residency program offering medical school graduates educational training and clinical experience to become family practitioners.

2. In 1996-97, there are 121 residents being trained at five family practice residency sites affiliated with MCW: three in Milwaukee (Columbia, St. Mary's and St. Michael's Hospitals), one in Kenosha (St. Catherine's Hospital) and one in Waukesha (Memorial Hospital). MCW does not own any of these clinics; instead, it has collaborative arrangements with hospital partners that own and operate the clinics. The hospitals provide clinic support, such as technicians and nurses, as well as overhead support.

3. In 1996-97, the Department of Family and Community Medicine has budgeted revenues of approximately \$13.4 million, not including approximately \$3.0 million for residents' salaries that is paid by affiliated hospitals and is not considered part of the Department's

operating budget. Major funding sources include: (1) state GPR -- 23.9%; (2) hospitals affiliated with the Department -- 26.9%; (3) grants -- 21.5%; and (4) clinical collections -- 25%. Budgeted expenditures are approximately \$14.8 million, with the largest portion (44.1%) allocated to faculty salaries. The Department is projecting a deficit of approximately \$1.4 million in 1996-97.

4. At its March 19, 1997, briefing before the Joint Committee on Finance, MCW indicated that due to changes in federal Medicare regulations that took effect in July, 1996, the College will be required to hire one additional family medicine physician for each of its five residency sites in order to meet the new requirement for a 1:4 ratio of faculty physicians to residents at each residency site; prior to the change, this ratio was 1:6. MCW requested \$500,000 annually, or 73% of the \$682,000 required to hire five additional physicians.

5. MCW reports that it did not request this funding in its budget request submitted to DOA in September, 1996, because the College was attempting to handle the need through faculty reallocations and program restructuring. The College indicates that it has been unable to make the necessary changes using existing resources.

6. Since the March 19 briefing, MCW has reassessed its family medicine residency program staffing needs. The College expects approximately 110 residents to participate in the program in 1997-98; therefore, based on resident distribution among the five sites, MCW indicates that it would need 3.5 additional physicians to meet the federal regulations and provide enough flexibility for sick leave, vacations and emergencies.

7. The College states that if it is unable to meet these physician-to-resident ratios, it could risk losing Medicare accreditation which would severely hamper its ability to continue a family practice residency program due to the loss of reimbursement funding for many of the patients served at the residency sites. Alternatively, the College would need to reduce the number of residents being trained at these sites. Based on the residency training loads required for each of the three years of training, MCW could be required to reduce the number of first-year residents in 1997-98 from 35 to approximately 33 and would be unable to accept any additional second- or third-year residents as transfers from other residency programs.

8. MCW indicates that it could fund one-third, or \$159,100, of the estimated \$477,400 required to hire 3.5 additional physicians. The College could fund one-third of the cost of the new faculty physicians with the revenue these physicians generate through clinical practice in the approximate one-third of their time that is spent on this practice; however, this revenue would only support the patient duties, not the teaching duties, of a new physician. Therefore, the College would need an additional \$238,700 GPR in 1997-98 and \$318,300 GPR in 1998-99 to fund the remaining two-thirds of the cost of the 3.5 additional physicians. The first year funding amount is less, since it reflects nine months of salary funding.

9. MCW indicates that the hospitals would be unable to contribute funding to hire additional physicians due to their current level of support, increasing competition in the local health care market and the need to reduce costs to remain competitive.

10. Arguably, with limited state GPR available, providing funding to a private institution of higher education for programming that is not statewide in nature may not be a priority for state funding.

11. On the other hand, the residency program's mission to train family medicine physicians may represent a positive use of state resources. Since 1976, 570 family practice physicians have graduated from MCW's residency program, of which 355 (62%) have stayed to practice in Wisconsin. If the Committee wishes to provide funding to the College at a lesser amount, it could provide \$136,400 GPR in 1997-98 and \$181,900 GPR in 1998-99 which, in conjunction with MCW's one-third commitment, would provide enough funding to hire two of the 3.5 additional physicians. Under the current residency distribution, the addition of two physicians would enable MCW to maintain the expected number of residents in the family practice residency program in 1997-98, and may allow them to add several second- or third-year residents.

ALTERNATIVES TO BILL

1. Provide \$238,700 GPR in 1997-98 and \$318,300 GPR in 1998-99 to the Medical College of Wisconsin and specify that, in combination with a 50% match provided by MCW, this funding would have to be used to support the addition of 3.5 family medicine physicians for the family medicine residency program.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$557,000

2. Provide \$136,400 GPR in 1997-98 and \$181,900 in 1998-99 to the Medical College of Wisconsin and specify that, in combination with a 50% match provided by MCW, this funding would have to be used to support the addition of two family medicine physicians for the family medicine residency program. Require that MCW allocate the additional physicians so as to maximize the number of family medicine residents.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$318,300

3. Maintain current law.

Prepared by: Ruth Hardy

MO# Alt 1 w/mod. change 3.5 to 2

2	BURKE			
	DECKER	(Y)	N	A
	GEORGE	(Y)	N	A
1	JAUCH	(Y)	N	A
	WINEKE	(Y)	N	A
	SHIBILSKI	(Y)	N	A
	COWLES	(Y)	N	A
	PANZER	(Y)	(N)	A
	JENSEN	(Y)	(N)	A
	OURADA	(Y)	(N)	A
	HARSDORF	(Y)	(N)	A
	ALBERS	(Y)	(N)	A
	GARD	(Y)	(N)	A
	KAUFERT	(Y)	(N)	A
	LINTON	(Y)	(N)	A
	COGGS	(Y)	N	A

AYE 8 NO 8 ABS _____

MO# Alt 2

	BURKE	(Y)		
	DECKER	(Y)	N	A
	GEORGE	(Y)	N	A
	JAUCH	(Y)	N	A
	WINEKE	(Y)	N	A
	SHIBILSKI	(Y)	N	A
	COWLES	(Y)	(N)	A
	PANZER	(Y)	N	A
1	JENSEN	(Y)	N	A
2	OURADA	(Y)	N	A
	HARSDORF	(Y)	N	A
	ALBERS	(Y)	N	A
	GARD	(Y)	N	A
	KAUFERT	(Y)	(N)	A
	LINTON	(Y)	N	A
	COGGS	(Y)	N	A

AYE 14 NO 2 ABS _____

MEDICAL COLLEGE OF WISCONSIN

LFB Summary Item to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
1	Debt Service Reestimate