

**Special Called Meeting**  
**MUSC / MUHA Board of Trustees**

**June 26, 2017**

**2:00 pm**

The Board of Trustees of the Medical University of South Carolina and Medical University Hospital Authority convened Monday, June 26, 2017, with the following members present: Dr. Don Johnson, Chair; Mr. Bill Baker; Ms. Terri Barnes; Mr. Bill Bingham; Dr. Richard Christian; Dr. Robert Gordon; Ms. Barbara Johnson-Williams; Mr. Charles Schulze; Mr. Michael Stavrinakis; Mr. Tom Stephenson; Dr. Charles Thomas. Board members excused: Dr. Guy Castles; Dr. James Lemon; Dr. Murrell Smith

In addition, the following MUSC leaders were present: Dr. David Cole; Ms. Lisa Montgomery; Dr. Scott Reeves; Dr. Lisa Saladin; Ms. Lisa Goodlett; Mr. Patrick Wamsley; Ms. Susie Edwards; Ms. Amanda Smith; Mr. Mike Dacus; Mr. John Cooper; Ms. Gina Ramsey; Mr. Mike Keels.

Dr. Johnson called the meeting to order at 2:00 p.m. Dr. David Cole, President, and Ms. Lisa Montgomery, Executive Vice President for Finance and Operation gave opening remarks prior to the start of the budget presentations. Ms. Montgomery informed the board that today's presentations were for information and formal approval of the FY2018 budgets will be requested at the August Board of Trustees meeting.

**MUSC HEALTH (MUSC-P AND MUHA)**

Ms. Gina Ramsey, Chief Financial Officer, MUSC Physicians, and Ms. Lisa Goodlett, Chief Financial Officer, MUHA, presented the MUSC Physicians and MUHA proposed FY2018 Budgets. Highlights from their presentations include:

- The MUSC Health FY2018 budget was presented with a projected increase in net position of 60,191,321.
- The MUHA FY2018 budget was presented with a projected increase in net position of \$65,081,268.
- The MUSC Physicians FY2018 budget was presented with a projected decrease in net position of (\$3,672,796).
- The MUSC Physicians updated FY2018 Projected Budget with a Two-Year Pro Forma was presented showing a projected increase in net position of \$3,114,591.
- The MUSC Primary Care FY2018 Budget was presented with a projected decrease in net position of (\$1,217,151)
- The MUSC Health FY2018 Capital Budget totals \$44,488,372 and includes the following:
  - Projects = \$13,935,188
  - Capital Equipment = \$14,254,052
  - Information Technology = \$10,699,132
  - Unspecified Capital Purchases (Contingency) = \$5,600,000

## **Historical Landscape**

### **MUSC Physicians**

- Total visits have increased by almost 13% since FY13.
- New visits have increased by almost 27% since FY13.
- Total number of physicians has increased by 63.

### **MUHA**

- Adjusted Discharges (Growth) have increased by almost 9% since FY13.
- Days Cash on Hand have increase increased by 40.6 days since FY13.
- Operating Margin with pension expense included is at 2.3% - without would be approximately 3.9%.

## **Revenue Assumptions**

### **MUHA**

- Patient activity increases include:
  - Patient days - 2.2%,
  - Surgical Activity - 3.5%,
  - Outpatient Visits – 2.3%,
  - Radiology Procedures – 6.8%
  - Lab Tests – 6.6%
- Length of Stay Index reduction to 1.05;
- Medicare FFY 2018 Inpatient Proposed Rule includes 1.6% increase;
- No change in Medicaid.
- Disproportionate Share remains the same as in FY 2017.
- Other Revenue increase of 4.5% due mainly from Children’s Hospital, Acute Critical and Trauma Care and Pharmacy 340B funding

### **MUSCP**

- Growth of 2.5% in clinical collections over the current year projected collections.
- Supplemental Medicaid (DHHS and MCO) payments are budgeted unchanged when compared to the FY 2017 budget.

## **Expense Assumptions**

- Salaries and Wages
  - MUHA - 2.5% average merit effective November, 2017, vacancy rate of 3.5%.
  - MUSCP – FTE increases relate to clinical growth in Ambulatory Care and 2% average merit effective October, 2017.
  - Pension – Remains the same as in FY 2017 of \$37M; increase in normal State Retirement of \$2M (0.5%) and Pension Liability funding of \$4M (1%). OPEB impact anticipated for FY 2018 but not budgeted, estimated at (\$3M).
- Supplies – Slight increase due to growth but offset with operational efficiencies (Medical Supplies - \$4.9M and Drugs - \$4M).
- Depreciation and Interest – based on known capital purchases and funding requirements per current bond documents and equipment lease agreements.

## **Non-Operating Revenue (Expense) Assumptions**

### **MUHA**

- State Appropriation of \$20M is funding for Telemedicine (MUHA - \$19M, AnMed Health - \$1M).

- Gifts and Grants of \$10M represent fundraising for the Shawn Jenkins Children’s Hospital and Pearl Tourville Women’s Pavilion.
- Burn Unit Appropriation - \$3M held on Balance Sheet only.

**Payments to MUSC/MUSC-P**

- College of Medicine Services - \$72M: Medical Directors; Coverage Models; Graduate Medical Education; ICCE Chief Stipends; and Strategic Manpower
- Non-Operating Payments to MUSC/MUSCP - \$7M: College of Medicine Dean’s Package; Hollings Cancer Center; MUSC Strategic Ventures; College of Nursing; and, Georgetown Radiation Treatment Center

At the conclusion of their presentation, Ms. Goodlett and Mrs. Ramsey answered questions from the board regarding the budget.

**MEDICAL UNIVERSITY OF SOUTH CAROLINA**

Mr. Patrick Wamsley, CFO, MUSC, and Ms. Amanda Smith, MUSC Budget Director, presented the FY2018 Budget for MUSC. Some of the highlights from their presentation include:

- The MUSC FY2018 budget was presented with a projected increase in net position of \$3,719,765.

**Historical Landscape**

- Student Enrollment has grown by 7.44% since FY13.
- Number of Employees has grown by 7.82% since FY13.
- Days Cash On Hand have increased from 86 days to 122 days since FY13
- Operating Margin – Current Funds have increased from 0.2% to 4.1%
- Operating Margin with pension expense for FY17 at -0.8%; without pension expense it is estimated at 2.0%

**Revenue Budget Highlights**

Appropriations: \$105,246,855

- MUSC
  - \$750,000 new funding for Statewide Health Innovations
  - \$1,311,500 (estimate) for retirement, health and dental increases
- MUHA
  - \$20 MM for Telemedicine
  - \$3 MM for Burn Unit

Tuition and Fees: \$100,597,299

Research: \$184,684,997

Other Additions: \$72,822,068

- Includes compensation transfers from MUSC Physicians of \$76 MM

**FY2018 Tuition Budget**

- Total Tuition and Fees: \$100,597,299
- Weighted Average Tuition Rate Increase: 1.21%
- Impact of Tuition Rate Increases: \$1,138,685

**FY2018 Proposed Expense Budget Highlights**

**Compensation and Benefits**

- Pay-for-performance of 0% to 2% for all eligible Staff, effective October 1 (\$1.7 MM)
- 2% increase in employer retirement contribution, effective July 1 (net cost to MUSC \$2.2 MM)

**Contractual Services**

- Includes \$32,000,000 Supplemental Medicaid payments (unchanged from FY17)
- Includes \$18,853,707 to MUHA for Disproportionate Share and Maxillofacial (unchanged from FY17)

**Supplies, Travel and Other Expenses**

- Supplies are \$41 MM
- Fixed Charges are \$37 MM
- Trainee/ Scholarships are \$15 MM

Mr. Wamsley and Ms. Smith presented a detailed breakdown of the following related to the overall FY2018 Budget for MUSC.

- Expense Budget
- Operating Budget
- Investment of Prior Year Funds
- Proposed Capital Budget

At the conclusion of their presentation, Mr. Wamsley and Ms. Smith answered questions from the board regarding the budget.

At 3:40 pm, there being no further business, Dr. Johnson adjourned the meeting.

Respectfully submitted,



Mark W. Sweatman  
Secretary