

UNC Health Care

UNC Chapel Hill
Board of Trustees

March 28, 2013



Our Vision

To be the Nation's leading public academic health care system.

Leading. Teaching. Caring.

Who is UNC Health Care?



The State's health care system, created by the Legislature in 1998, as an affiliated entity of the University of North Carolina

Mission:

To provide comprehensive patient care, facilitate physician education and research excellence and promote the health and well-being of all North Carolinians

We are anchored by a strong academic medical center and 4 community hospitals



Community hospital in Raleigh, outpatient services across Wake County



(Joining the System in April 2013)
Community hospital in High Point, outpatient services in Guilford, Randolph, Forsyth and Davidson Counties



Academic Medical Center in Chapel Hill, outpatient services across NC



Community hospital in Hendersonville



Community hospital in Siler City

Our community and faculty physician groups extend across Central NC and are aligned with the UNC School of Medicine



Community-based physician groups serving central NC

- Practices in Wake, Johnston, Orange, Chatham, Durham, Sampson, Wilson, Nash, Lee, Granville & Person
- 190 providers, 38 practices
- >500,000 practice visits
- Primary and specialty care services



Faculty physician practice primarily serving UNC Hospitals

- >1,100 primary and specialty care physicians
- 18 clinical departments
- >813,000 clinic visits
- Secondary, tertiary and quaternary care services

Nationally-recognized School of Medicine leads critical research and trains tomorrow's medical professionals



Top ranked medical school

U.S. News & World Report Rankings

- Primary Care #1
- Family Medicine #2
- Rural Medicine #5
- Infectious Disease #9
- Research #22

Retaining medical talent in NC

- More than 730 undergraduate medical students
- More than 780 resident physicians
- 86% of students are NC residents
- >3,200 graduates are currently practicing in North Carolina

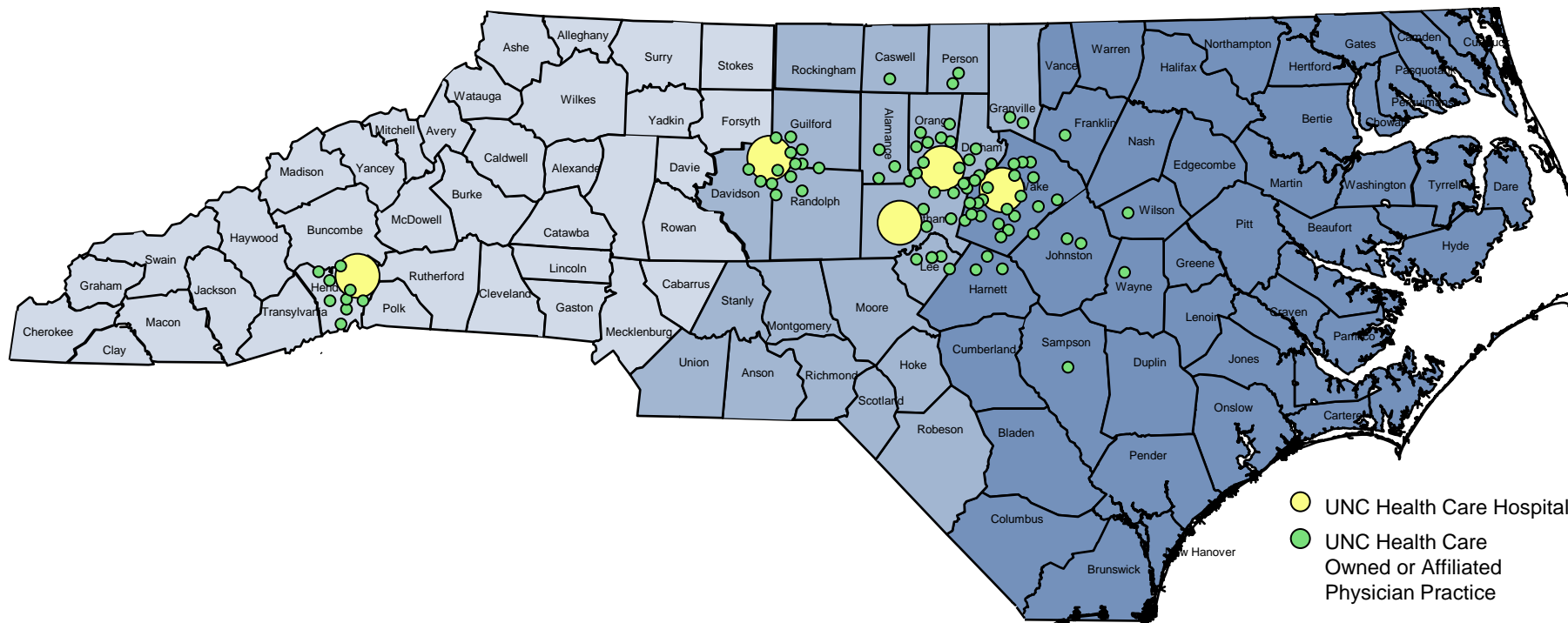
Performing cutting edge research

- Consistently among top 15 recipients of NIH funding nationally
- Part of national consortium to improve the way biomedical research is conducted

Serving the community

- Top percentile nationally for graduates serving in underserved areas
- Many spinoff companies from UNC SOM research

We serve North Carolina. Everyday.



● UNC Health Care Hospital
● UNC Health Care Owned or Affiliated Physician Practice

**9,250 admissions,
>100,000 visits**

- 80 staffed beds (222 licensed)
- >230 physicians on med. staff
- >31,000 ER visits
- >6,700 surgeries

**43,500 admissions,
>1,150,000 visits**

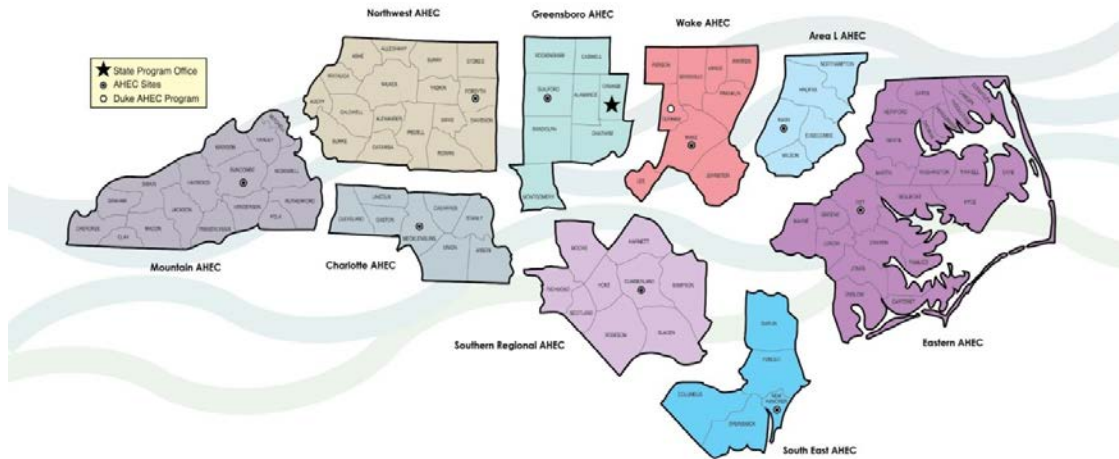
- 1,154 staffed beds (1,194 licensed)
- >1,473 physicians on med. staff
- >143,500 ER visits
- >35,000 surgeries

**45,000 admissions,
>800,000 visits**

- 665 staffed beds (665 licensed)
- >111 physicians on med. staff
- >60,000 ER visits
- >30,800 surgeries

We coordinate care in communities across the state through programs like AHEC and UCRF

Area Health Education Centers (AHEC)



Provides health services to underserved areas across NC

- 9 AHECs statewide
- Physicians receive continuing education
- Recruitment of new doctors to rural communities

University Cancer Research Fund (UCRF)

Helps UNC improve the lives of North Carolinians with cancer

- Statewide outreach
- Treatment advice via telemedicine
- Early detection and prevention
- Research advances



We are recognized for leading, teaching and caring

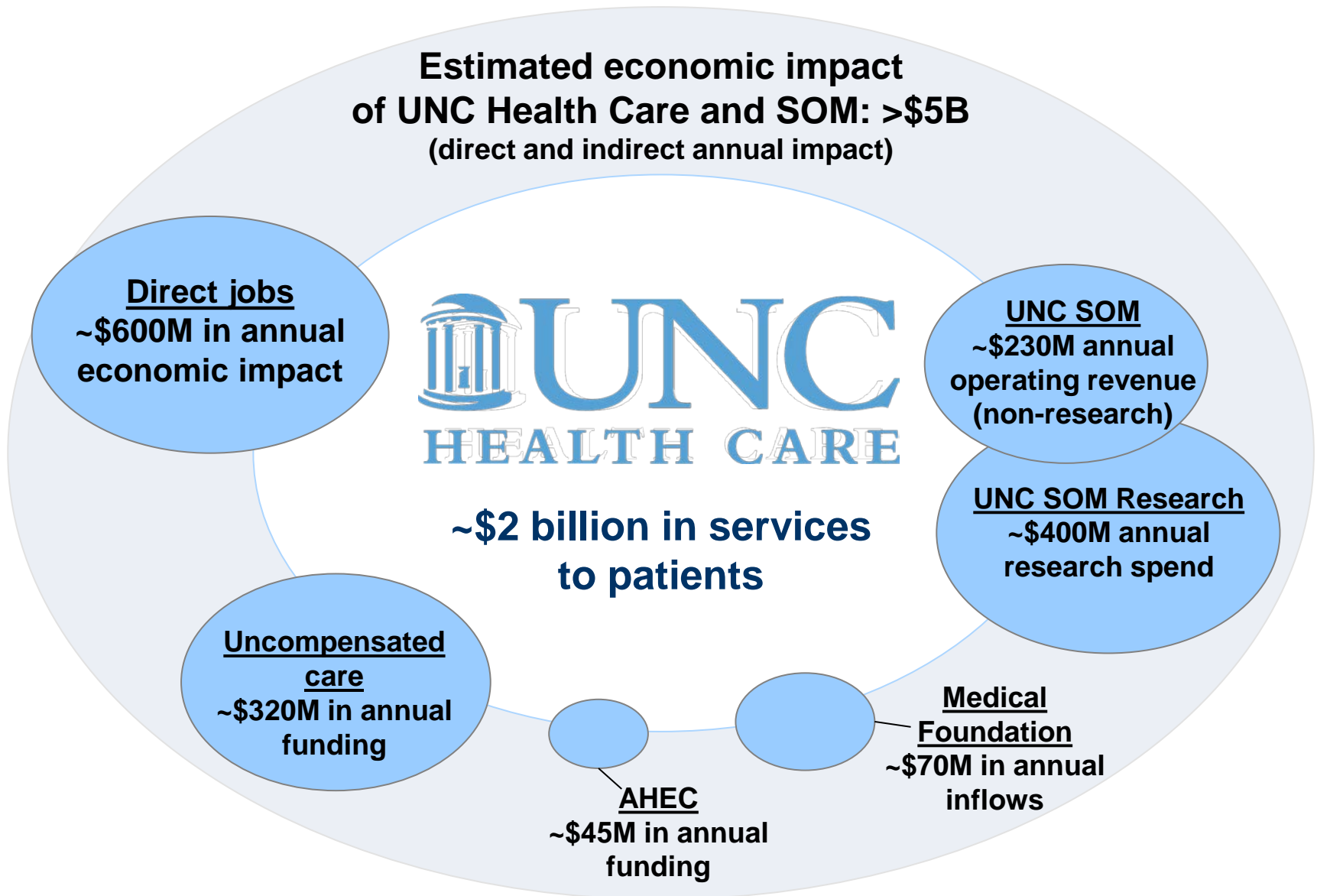


American Hospital Association - McKesson
Quest for Quality Prize®

Becker's Hospital Review
America's 50 Best Hospitals



We generate an economic impact greater than \$5B annually to the State of North Carolina



Note: Estimates do not include High Point Regional and Caldwell Memorial

We were just recognized for Primary Care by *U.S. News & World Report*



UNC School of Medicine

Overall

- Primary care, 1st
- Research, tied for 22nd

Specialty areas

- Family medicine, 2nd
- Audiology, 3rd *
- Rural medicine, tied for 5th
- AIDS, tied for 9th
- Physical Therapy, tied for 9th *
- Occupational Therapy, tied for 10th *
- Speech-Language Pathology, tied for 11th *
- Women's Health, 15th
- Rehabilitation Counseling, 23rd

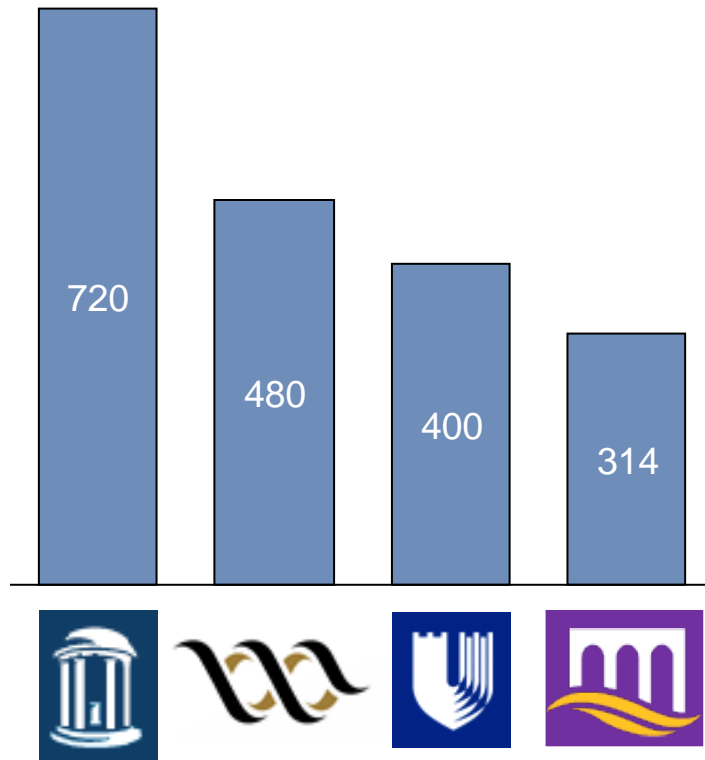
* ***Specialties last ranked by U.S. News & World Report in 2012***

Despite great performance, UNC School of Medicine loses money on each of its 3 missions

<p>Education</p>	<ul style="list-style-type: none"> • Among lowest med school tuition nationally • Top decile among med schools for graduates practicing in rural areas • 44% of MDs licensed & educated in NC trained at UNC 	<ul style="list-style-type: none"> • Tuition of \$16K only covers a fraction of the expense to train med students • No new funding for expanded class • No funding source for Residents
<p>Research</p>	<ul style="list-style-type: none"> • UNC-CH top 10 in federally funded research • UNC School of Medicine accounts for >50% of UNC-CH funded research • Nobel Laureate • HIV research <u>Science</u> “2011 Scientific Breakthrough of the Year” 	<ul style="list-style-type: none"> • Research revenues do not cover full costs • NIH imposes caps for funding salaries that is below faculty compensation • UNC SOM’s research efforts directly employ 3,200 FTEs in 95 of NC’s 100 counties
<p>Clinical</p>	<ul style="list-style-type: none"> • 277 of “The Best Doctors in America” • Ranked nationally in many clinical programs 	<ul style="list-style-type: none"> • Uninsured, Medicaid, Medicare, and Tricare patients account for >65% of patient mix. Since FY10, the loss for providing care to these patients has increased from \$75M to \$106M

In preparation for the looming physician shortage, the UNC School of Medicine trains more future MDs than others in NC

**Comparative Size of
NC Medical Schools**
(based on total MD students)

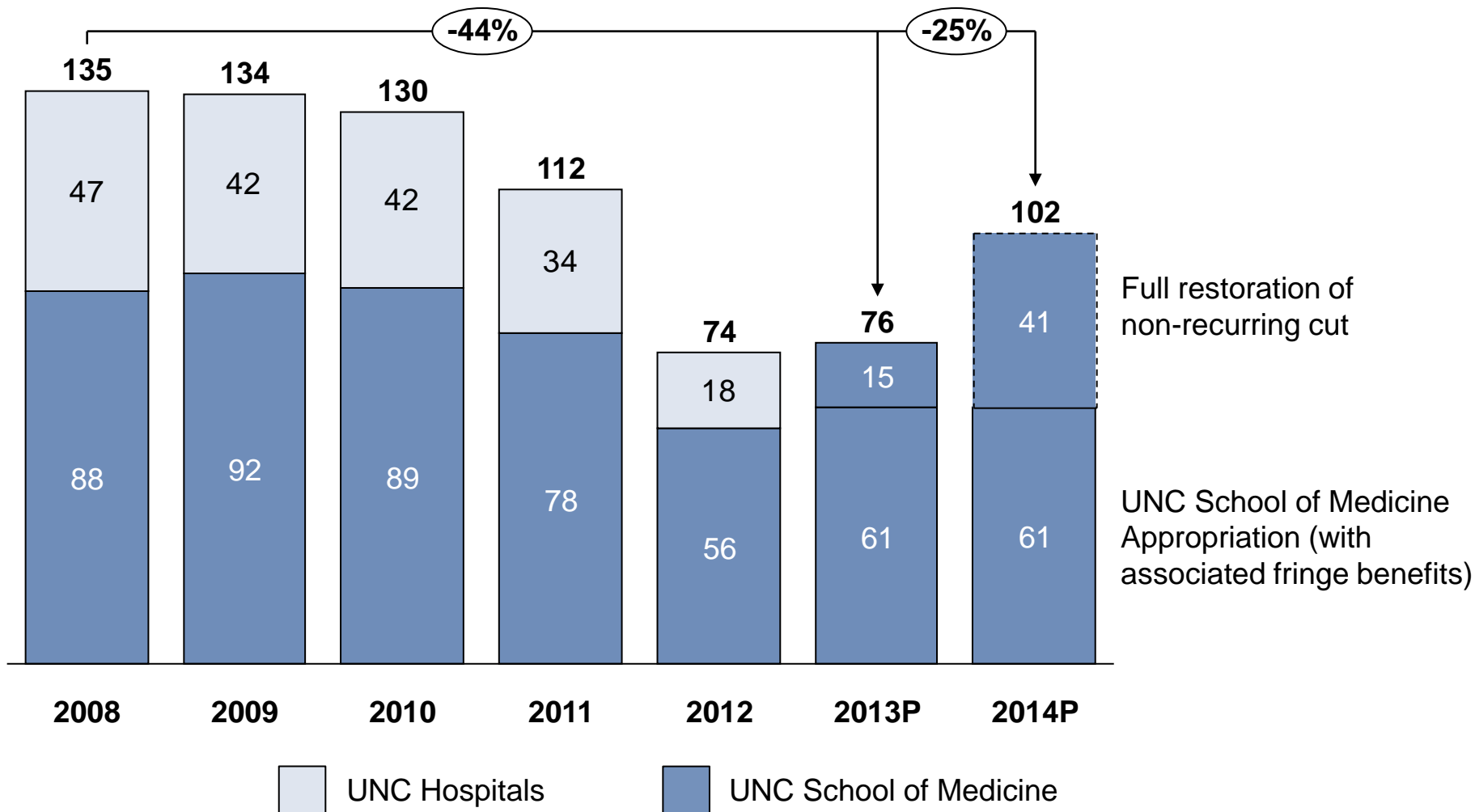


Class size is not the only consideration

- UNC's low tuition attracts highly qualified candidates
- Because UNC graduates have less debt than graduates of other schools, they are more likely to practice in specialties and regions with the greatest need
- UNC ranked above the 90th percentile for graduates practicing in rural areas
- Of the 2012 graduates from NC medical schools, 40% of those pursuing primary care came from UNC
- 44% of physicians licensed and educated in NC trained at UNC

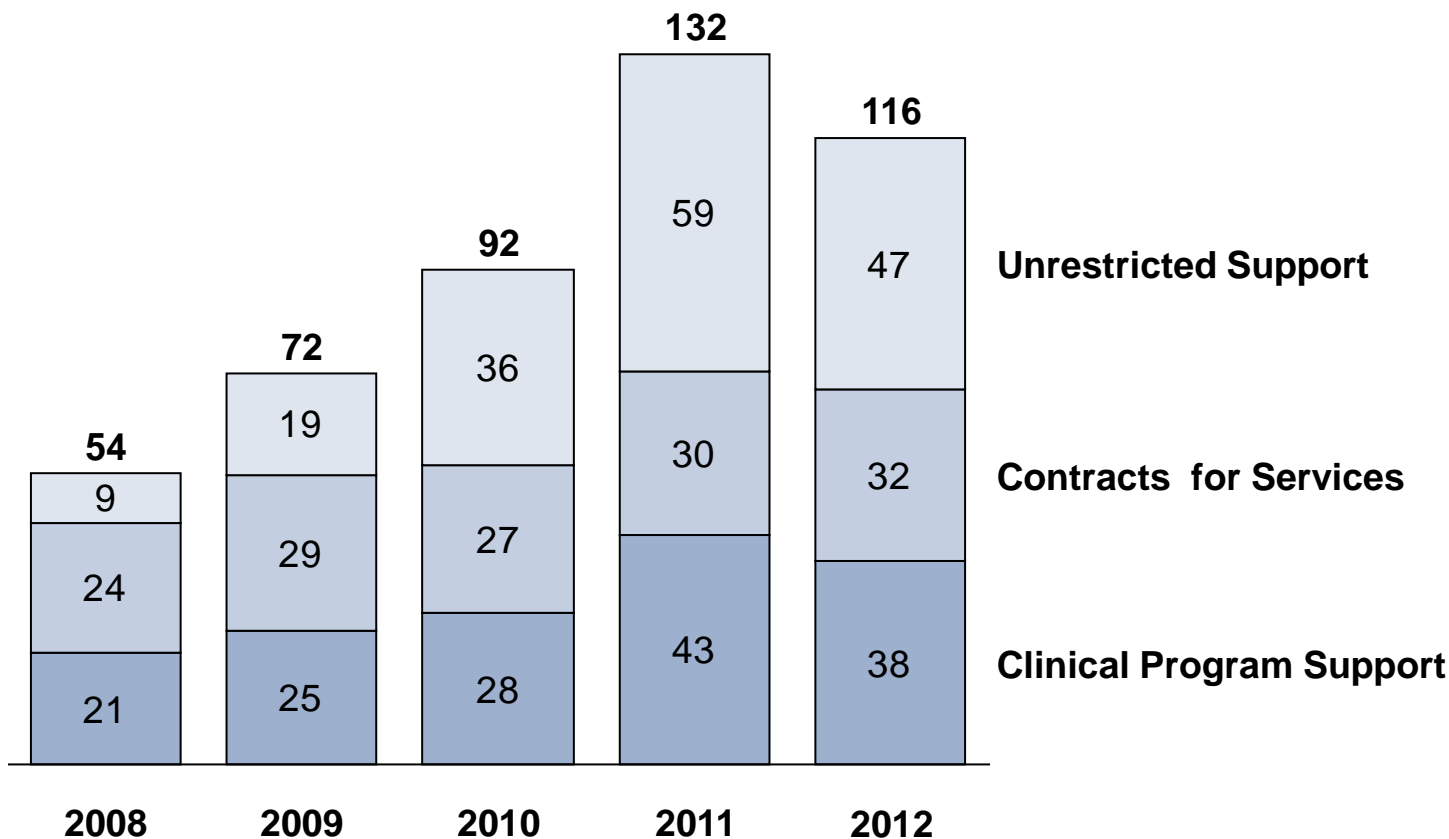
We have requested full restoration of the temporary cut from the Legislature

State Appropriations (\$M)



Declining State funds have necessitated increased support from UNC Health Care for the UNC School of Medicine

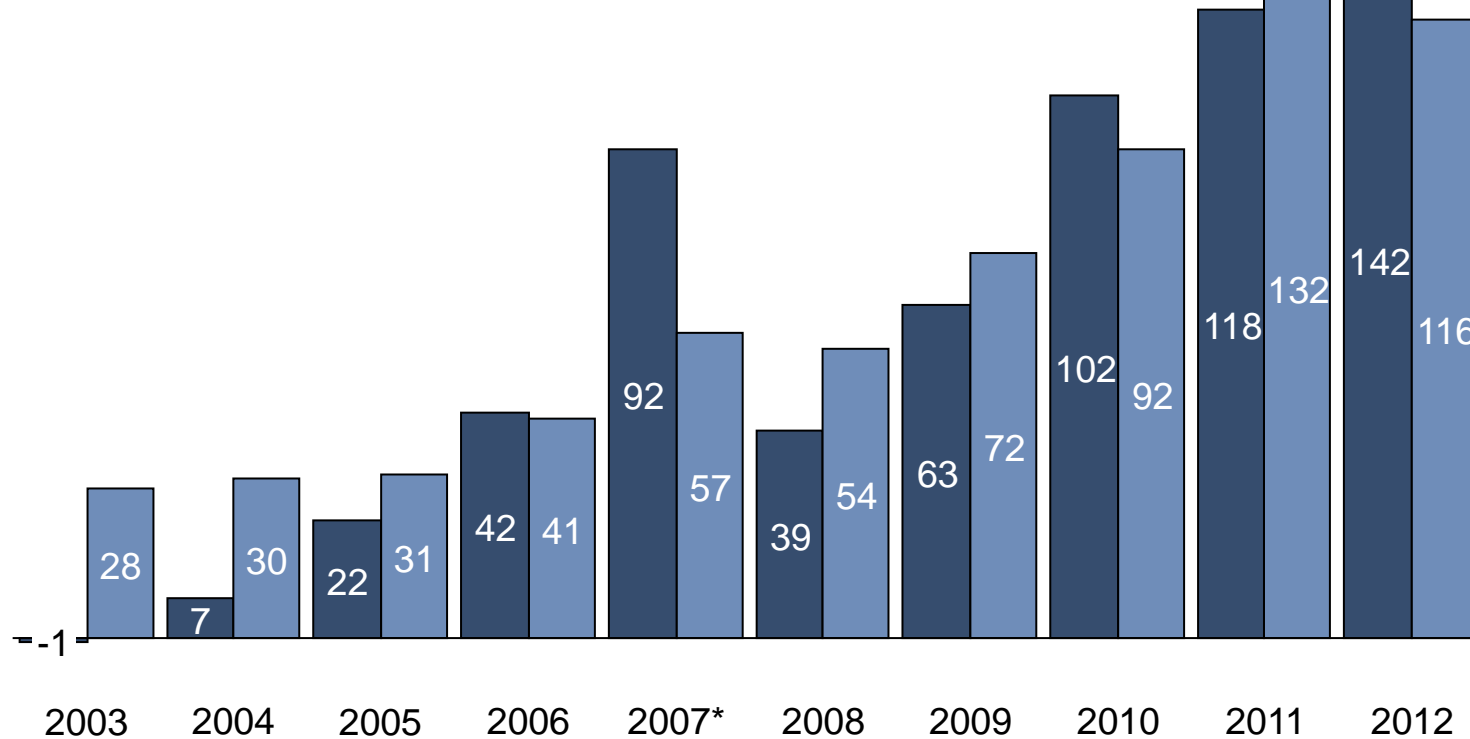
Fund Transfers (\$M)



Note: Amounts adjusted to include MSTF contributions

Since 2003 UNC Health Care has transferred \$653 million to the UNC School of Medicine

**UNC Health Care Operating Income
& Transfers to UNC School of Medicine (\$M)
FY03 – FY12**



10 year Transfers to SOM - **\$653M**

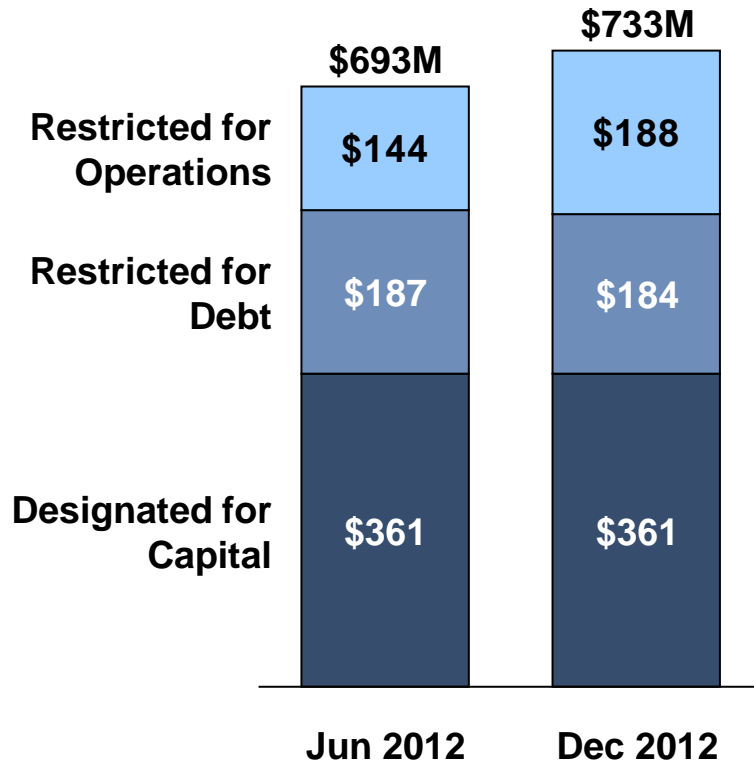
10 year Operating Income - **\$626M**

Note: Settlements of multiple prior-year cost reports increased 2007 operating income

- Operating Income (Loss)
- Transfers to UNC SOM

UNC Health Care is also solely responsible for funding its capital investments and repaying its debt

UNC Hospitals Reserves



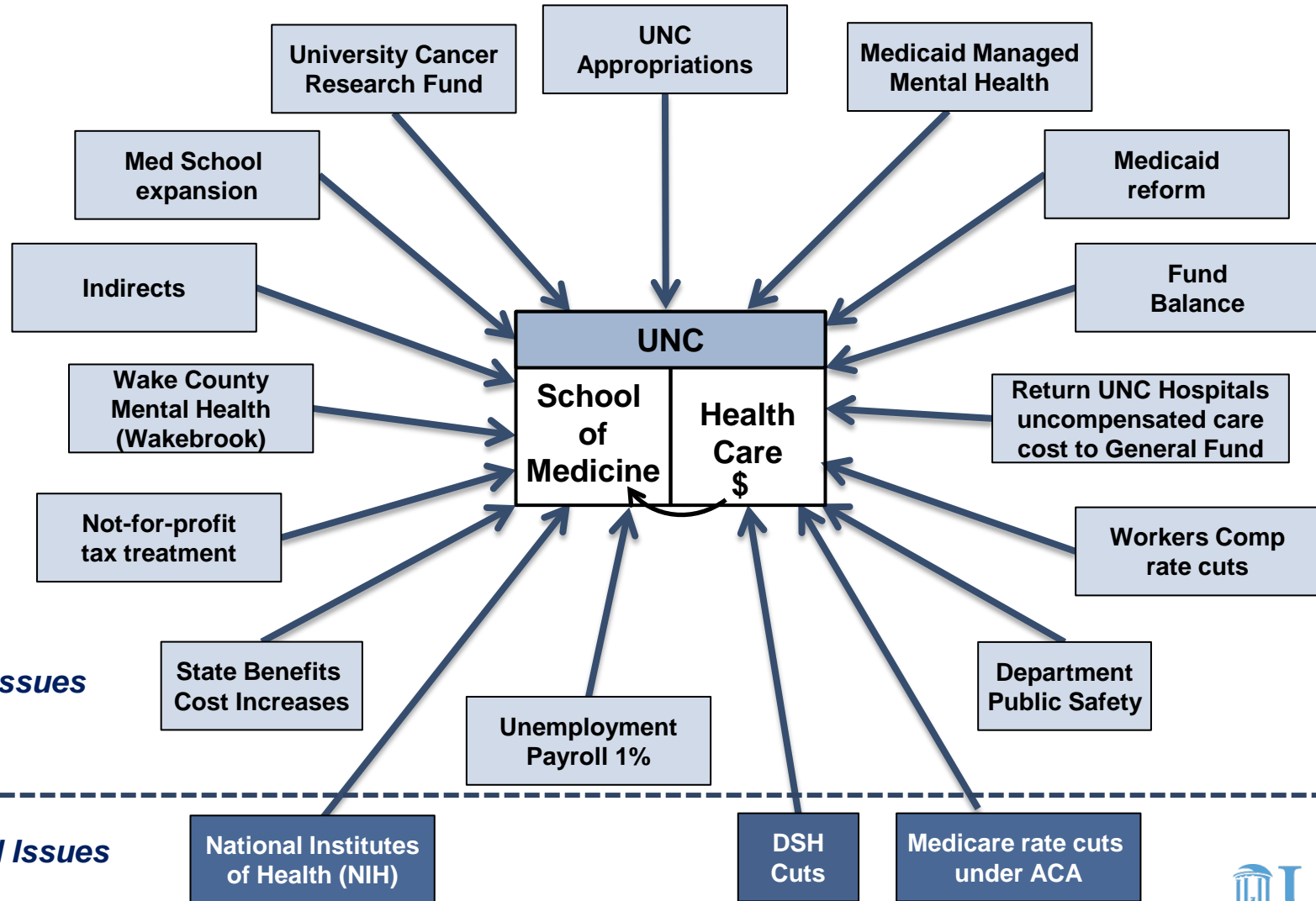
UNC Hospitals Obligations



- Uses of Reserves

 - Develop capital projects
 - Create borrowing capacity and service existing debt
 - Fund current operations and serve as working capital
 - Earn non-operating income for future reinvestment

Many cuts (or service needs) under consideration in North Carolina and nationally impact us directly



Going Forward Together with UNC-Chapel Hill

To serve the state of NC, the interests of the School of Medicine and Health Care System are closely intertwined with UNC-Chapel Hill in:

- **Leading** in research and innovations
- **Teaching** the next generation of physicians & scientists
- **Caring** for our citizens from every county

The Board of Trustees' stewardship of UNC-Chapel Hill is vital to the School's and Health Care System's continued leadership and growth

We believe the continued leadership and growth of the UNC School of Medicine and the UNC Health Care System are vital to UNC-Chapel Hill