

**The University of Michigan**  
*Regents Communication*

Approved by the Regents

June 19, 2008

ACTION REQUEST

**Subject:** 2008-2009 University Health Service Fee

**Action Requested:** Authorization of 4.9% Increase in UHS Fee

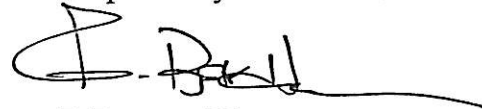
**Background:**

We are requesting a fee increase of 4.9% for FY2008-09. This represents a \$7.87 increase for a new fee of \$168.50 per student per term. The proposed fee will fund salary and non-salary expense increases, and base funding to support a health promotion program called U-Mix to reduce harmful alcohol consumption among students. Increases in this budget are partially offset by ongoing cost containment efforts and revenues from increased student enrollment. A summary of the Health Service Budget and requested fee increase is attached (attachment 1).

The U.S. City Medical Care Cost Index and the Detroit Area Medical Care Cost Index (attachment 2) are presented for comparison to the UHS fee request. The UHS Student Fee History chart (attachment 3) shows UHS fees over the past nine years. A Patient Encounter Report (attachment 4) shows the impact of higher enrollments on UHS clinic activity. We believe this budget demonstrates our commitment to containing costs while continuing to provide a broad expanse of services to students.

We recommend that the Regents approve a 4.9% increase in the UHS fee for FY2008-09.

Respectfully submitted,



E. Royster Harper  
Vice President for Student Affairs

June 2008

# University Health Service Rate Proposal Overview

June 2008

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The University Health Service fee for the 2008-2009 academic year will be presented to the Regents at the June 19 meeting. The recommended rate increase for the student health fee is 4.9%. This increase is below the 7.0% indicated by the December 2007 Medical Care Cost Index for the Detroit Area. 2.6% of the fee increase will fund the UHS salary program and higher pharmaceutical and supply costs. 0.9% will be used to fund the U-Mix health promotion program that provides late-night alcohol-free activities for students. 0.8% will fund a full-time nurse in the Allergy/Immunization/Travel Health Clinic and 0.6% is requested for a data base manager for a new electronic health record and patient management system. An additional 2.0% of revenue results from a budgeted increase of 1500 student semesters which reflects recent activity and the associated costs. These recommendations have been developed in consultation with appropriate administrative staff within the University.

The components of the UHS budget are detailed below:

## REVENUE

Of an overall revenue budget of \$18.2 million, the major sources of income supporting the University Health Service are:

1. Student Fees	72.1%
2. Clinic and Other Revenue	16.9%
3. Pharmacy Revenue	11.0%

- **Rate increase.** The proposed budget for FY2008-2009 reflects a 4.9% increase in the UHS Student Fee. This would raise the student fee from the current \$160.63 to \$168.50 per term. A summary of the Health Service budget and requested fee increase is provided (Attachment 1), along with the Medical Care Cost Indices (attachment 2), and the Student Health Service Fee History (Attachment 3).

## EXPENSES

### **Salary Expenses**

- **Salary Program.** The salary program is budgeted in alignment with the expected UM Health System program.
- **Allergy/Immunization/Travel Health Nurse.** Activity in this clinic increased 28.3% from FY05 to projected year-end FY08. This is well above the 9.1% increase in total visits experienced throughout UHS. The activity is due mostly to human papilloma-virus (HPV) immunizations, allergy treatments and travel health consultations. As a result we are requesting to hire an additional full time nurse. This translates to 0.8% of the student fee increase.
- **Electronic Health Record Database Manager.** UHS is planning to purchase and implement an electronic health record and patient management system over the coming year and into next Fall 2009. It is expected this system will greatly enhance quality of care and security of patient information and will have an enormous impact on operations at UHS. The workload associated with managing this new system will require a full-time data base manager and is equal to 0.6% of the student fee increase.

### **Non-Salary Expenses**

- **U-Mix Health Promotion Program.** It has long been acknowledged that alcohol and other substance abuse provides the greatest threat to the health of students. Providing alcohol-free late night options is a recommended evidence-based environmental strategy to reduce harmful drinking on college campuses. The U-Mix program was piloted in September 2006, as a result of work by the Student Health and Wellness Subcommittee of the Michigan Healthy Community Initiative. The program's primary goal is to increase opportunities for healthy social interactions for UM students by providing an opportunity for alcohol-free entertainment and socializing during the prime Friday night party hours from 10 pm to 2 am. These events have been held in various locations including the Michigan Union, the Michigan League and the Pierpont Commons. Activities include games, karaoke, movies and other creative endeavors. Attendance at these events has been steadily increasing. In Fall 2007 they averaged 400-600 per event with two topping out at over 800 students.

An assessment performed by Mary Janevic, MPH, PhD, UM School of Public Health and Karla Robinson, MS, University Union Arts and Programs shows that 86% of attendees agreed that "U-Mix is a good example of having fun without alcohol." About two-thirds of attendees who were at least occasional Friday night drinkers reported drinking less on U-Mix nights. More than half of the attendees agreed that U-Mix contributes positively to the UM environment and that it reduces stress.

This pilot program has been generously funded by the Provost, sponsored by the University Unions and supported by the UHS Health Promotion/Community Relations department. In an effort to provide a stable source of base funding for this successful health promotion activity, we are requesting a 0.9% increase in the student fee. This will fund a program coordinator, work-study support and associated programming expenses.

# Attachment 1

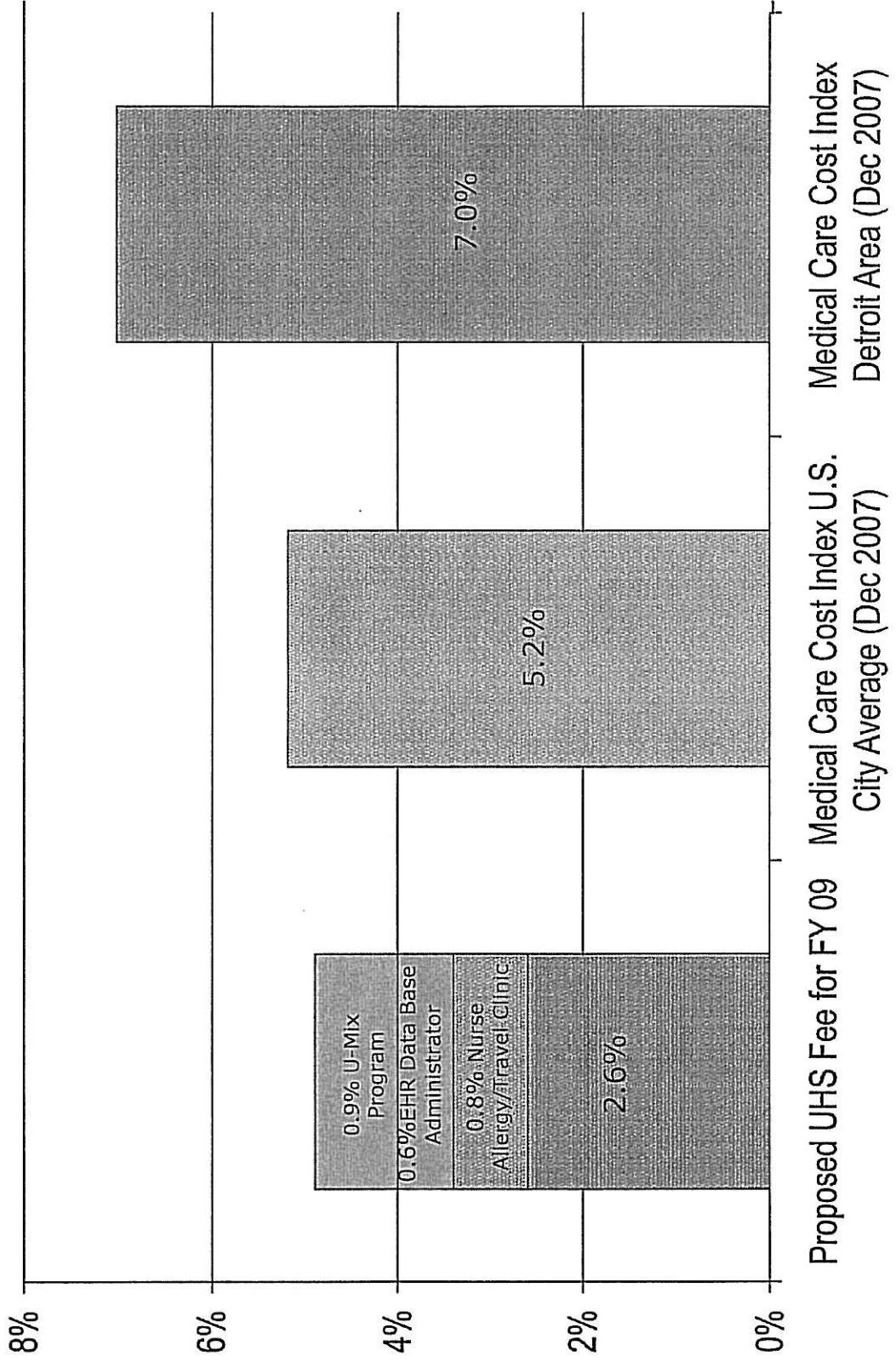
## UNIVERSITY OF MICHIGAN UNIVERSITY HEALTH SERVICE BUDGET

	<u>FY 08 BUDGET</u>	<u>PROPOSED FY 09 BUDGET</u>	<u>VARIANCE AMOUNT</u>	<u>%</u>
<b>INCOME:</b>				
Clinical & Other Revenue	\$ 4,764,810	\$ 5,081,968	\$ 317,158	6.7%
*Student Fee	12,288,195	13,143,000	854,805	7.0%
<b>TOTAL INCOME</b>	<u>\$ 17,053,005</u>	<u>\$ 18,224,968</u>	<u>\$ 1,171,963</u>	<u>6.9%</u>
<b>EXPENSE:</b>				
Salaries	\$ 9,334,390	\$ 9,779,924	\$ 445,534	4.8%
Fringe Benefits	2,800,319	3,031,776	231,457	8.3%
Non-Salary Expenses	4,914,191	5,379,219	465,028	9.5%
Building/Equipment Fund	-	-	-	0.0%
<b>TOTAL EXPENSE</b>	<u>\$ 17,048,900</u>	<u>\$ 18,190,919</u>	<u>\$ 1,142,019</u>	<u>6.7%</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 4,105</u>	<u>\$ 34,049</u>		
<b>Total UHS Student Fee Per Student Per Semester</b>	\$ 160.63	\$ 168.50	\$ 7.87	4.9%

\*Note: The proposed student fee revenue increase of 7.0% is a combination of budgeted increase in student semester numbers and a base fee increase of 4.9%.

# Attachment 2

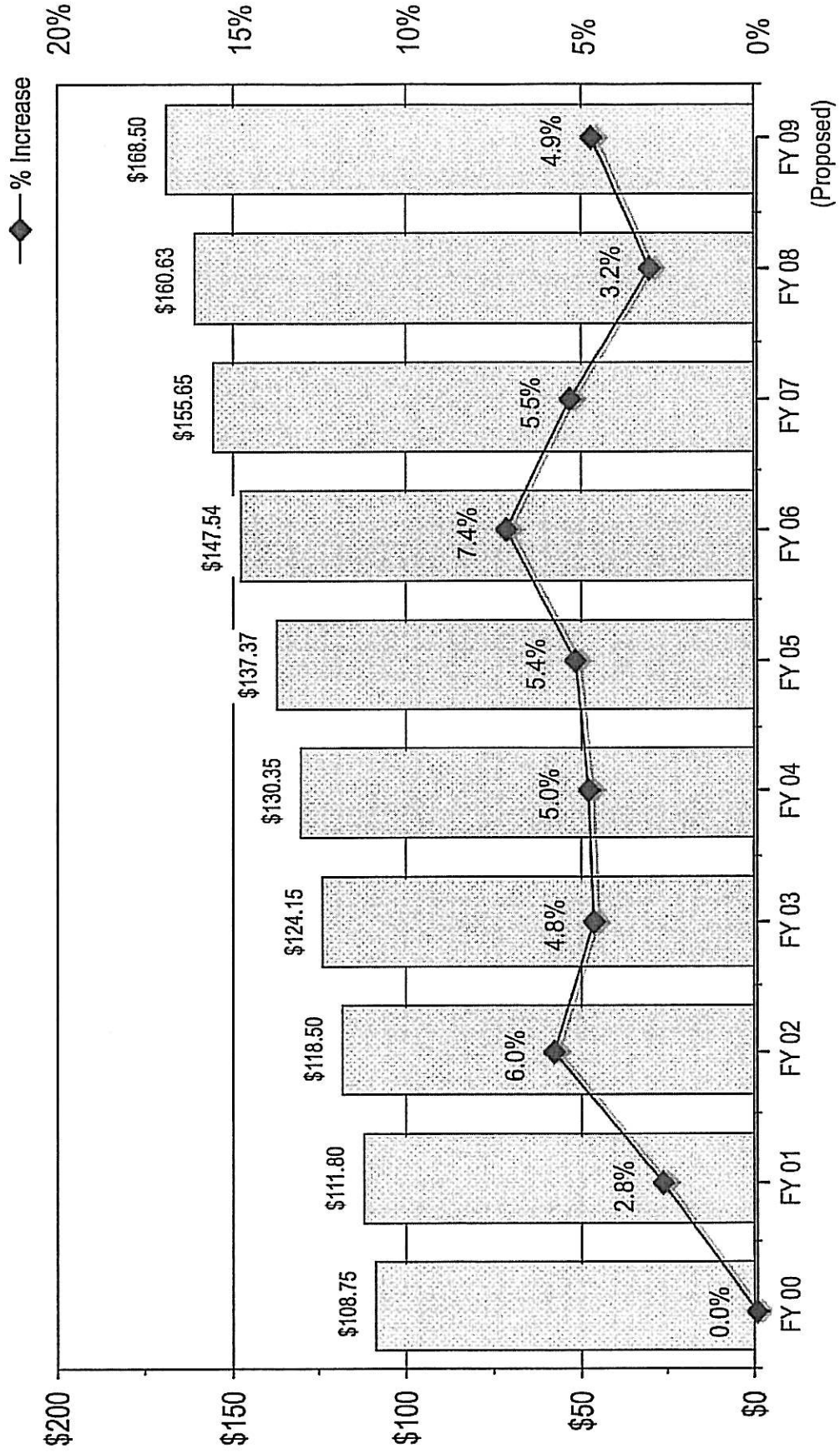
## UHS Fee Increase Compared to Medical Care Cost Indices for Calendar Year of 2007



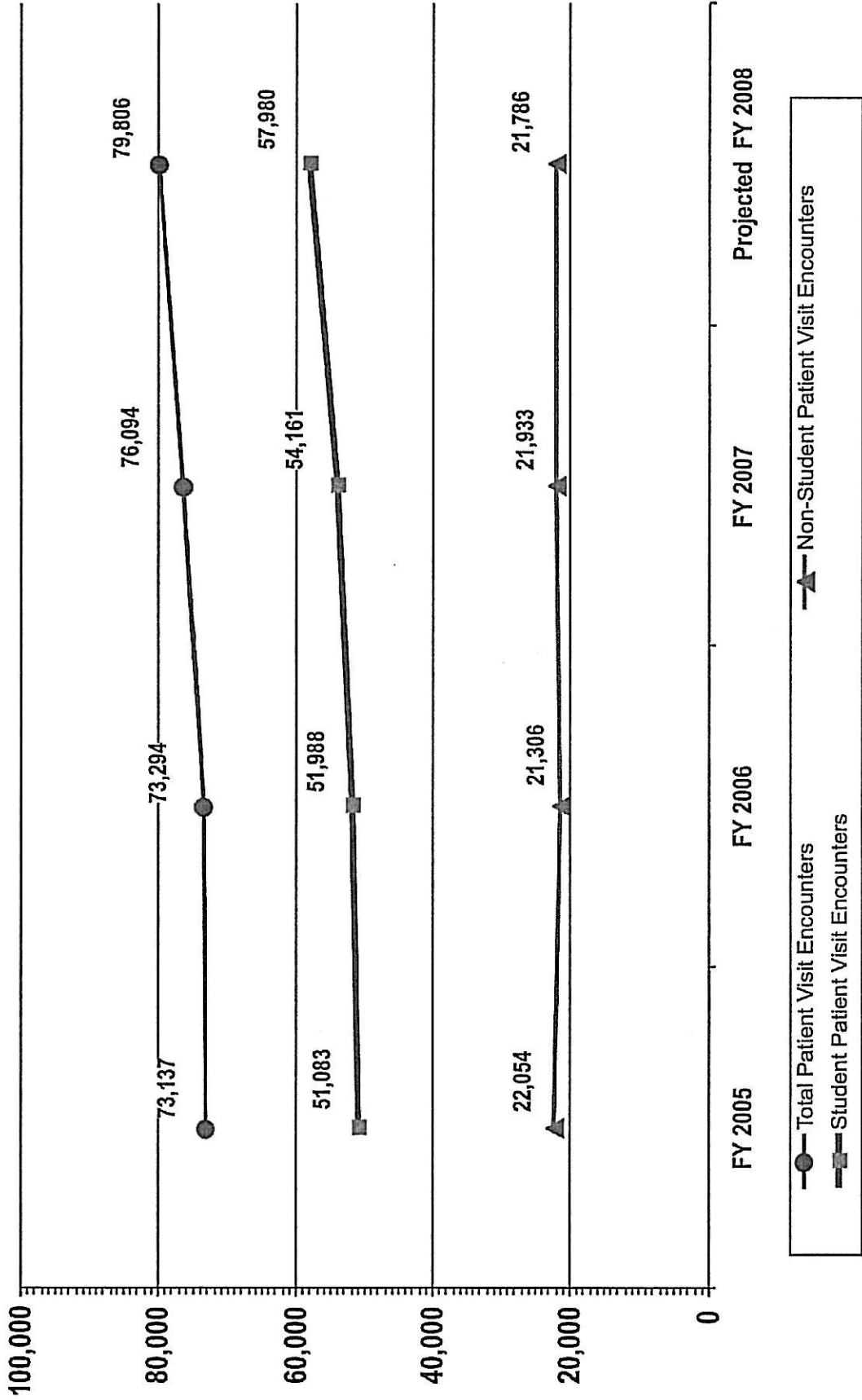
Proposed UHS Fee for FY 09    Medical Care Cost Index U.S. City Average (Dec 2007)    Medical Care Cost Index Detroit Area (Dec 2007)



# Attachment 3 UHS Student Fee History FY 00 to FY 09



# Attachment 4 University Health Service Patient Encounter Report - All Clinics as of March 31, 2008





# Attachment 5

UNIVERSITY OF MICHIGAN  
 FIVE YEAR TREND ANALYSIS OF STUDENT FEE INCREASE  
 FY 05 THRU FY 09

DESCRIPTION	FY 05	FY 06	FY 07	FY 08	PROPOSED FY 09
*Detroit Medical Care Cost Index	3.4%	4.2%	4.2%	3.2%	7.0%
<b>UHS FEE INCREASES:</b>					
Operations Cost Increase	2.9%	4.2%	4.2%	2.8%	2.6%
Nurse, Allergy/Travel Clinic					0.8%
**EHR Data Base Administrator					0.6%
U-Mix Health Promotion Program					0.9%
M-Thrive Patient Care Coordination			0.9%	0.4%	
Utilities			0.4%		
Health Promotion					
Psychiatry		1.6%			
Student Insurance Offset	1.8%	0.8%			
Malpractice Premium Increase		0.6%			
Radiology Cost Increase		0.2%			
Loss of Periodic Health Appraisal Unit Revenue	0.7%				
<b>TOTAL UHS FEE INCREASES:</b>	<u>5.4%</u>	<u>7.4%</u>	<u>5.5%</u>	<u>3.2%</u>	<u>4.9%</u>
<b>UHS STUDENT FEE</b>	<u>\$ 137.37</u>	<u>\$ 147.54</u>	<u>\$ 155.65</u>	<u>\$ 160.63</u>	<u>\$ 168.50</u>

\* Index as of December of Previous Fiscal Year

\*\* EHR= Electronic Health Record

# Attachment 6

UNIVERSITY OF MICHIGAN  
 FIVE YEAR TREND ANALYSIS OF REVENUE AND EXPENSE  
 FY 05 THRU FY 09  
 (\$000)

	FY 05	FY 06	FY 07	PROJECTED FY 08	PROPOSED FY 09
<b>INCOME:</b>					
Clinical & Other Revenue	\$ 4,774	\$ 4,606	\$ 4,987	\$ 5,098	\$ 5,082
Student Fee	10,458	11,307	11,973	12,552	13,143
<b>TOTAL INCOME</b>	<b>\$ 15,232</b>	<b>\$ 15,913</b>	<b>\$ 16,960</b>	<b>\$ 17,650</b>	<b>\$ 18,225</b>
<b>EXPENSE:</b>					
Salaries	\$ 8,080	\$ 8,437	\$ 8,778	\$ 9,079	\$ 9,780
Fringe Benefits	2,397	2,516	2,648	2,768	3,032
Non-Salary Expenses	3,893	4,178	4,556	5,194	4,994
Building/Equipment Fund	615	430	585	-	-
Utilities	225	347	379	319	385
<b>TOTAL EXPENSE</b>	<b>\$ 15,210</b>	<b>\$ 15,908</b>	<b>\$ 16,946</b>	<b>\$ 17,360</b>	<b>\$ 18,191</b>
<b>NET INCOME/ (LOSS)</b>	<b>\$ 22</b>	<b>\$ 5</b>	<b>\$ 14</b>	<b>\$ 290</b>	<b>\$ 34</b>