

Date of Hearing: April 24, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2202 (Gray) – As Amended April 16, 2018

SUBJECT: University of California, Merced: school of medicine

SUMMARY: Appropriates an unspecified amount from the General Fund to establish and construct a branch campus of the University of California San Francisco (UCSF) School of Medicine, in partnership with the University of California, Merced (UCM) and UCSF Fresno Medical Education Program.

EXISTING LAW: Establishes UC, to be administered by the Board of Regents, with full powers of organization and government, subject only to such legislative control as may be necessary to insure the security of its funds and compliance with the terms of the endowments of the university and such competitive bidding procedures as may be made applicable to the university by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods, and services. (California Constitution Article IX, Section 9)

FISCAL EFFECT: Estimated start-up and capital costs in the range of \$160 million over the initial ten years and net annual operating costs of at least around \$20 million thereafter.

COMMENTS: *Background.* According to a recently-released UC report, "Improving Health Care Access in the San Joaquin Valley [SJV]," the SJV is one of the fastest growing, poorest, and least healthy regions of California. (The SJV includes eight counties – Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare.) More than four million people live in this region, with about 40% covered by Medi-Cal. Among the state's 58 counties, Fresno, Kern, Madera, and Tulare rank 52nd, 53rd, 49th, and 50th respectively for health outcomes.

A recent workforce assessment conducted by UCSF indicates that the SJV has a significantly lower supply of health care providers compared to the state as a whole. For example, in 2015, the SJV had 138 active physicians per 100,000 residents, which was far below the statewide average of 237 physicians per 100,000 residents. Relative to the rest of the state, the SJV is currently facing a shortage of 4,100 physicians.

Purpose. The author indicates that, "Since the inception of the newest UC campus at Merced, proponents and community leaders have proposed the establishment of the first public medical school in the San Joaquin Valley. In 2008, the UC Board of Regents approved continued planning toward the establishment of an independent, accredited medical school at UC Merced. In fact, the Regents initially contemplated a start date for the medical school as early as 2012."

The author notes the impact of the Great Recession and the delay in starting the new UC Riverside School of Medicine as delaying progress at UCM. Yet, despite these challenges, the UCM 2020 project has the campus on track to have the necessary infrastructure and faculty to enroll 10,000 undergraduate students by 2020. The author argues that, with the recession over and undergraduate expansion issues resolved, "the state is in an ideal position to re-engage on the UC Merced School of Medicine planning efforts."

Previous Planning Study. In 2008, UCM engaged the Washington Advisory Group (WAG) to assist in scoping the planning effort for the new medical school, on the premise that, even with the economic uncertainty brought on by the recession, the question regarding a medical school was not "if" but "when". The WAG report envisioned a three-stage process in developing a fully independent medical school:

- 1) Establish a "pre-baccalaureate Biomedical Education track specifically designed to attract undergraduates of exceptional promise to pursue a BS degree emphasizing the health needs of the SJV and that prepares students for advanced study in all of the health sciences.
- 2) Establish a branch campus to an existing medical school. This model has been used successfully at other medical schools. For example, the medical school at UC Riverside was a branch of the UCLA medical school prior to becoming independent.
- 3) Obtain licensure as a fully-independent medical school.

UC Report. The UC report mentioned above provides background information, key findings and recommendations regarding a variety of strategies to help improve access to health care for SJV residents. As discussed above, the SJV has an obvious shortage of physicians, as well as other health care professionals. The UC report notes that the two strongest predictors of where physicians will practice are (a) where the physician finishes their residency training and (b) where the individual was raised. The report cites studies showing that medical students are far more likely to practice in communities similar to where they were raised. One study found that a rural background increased the odds of practice in a rural area by 2.4 times.

The report, in part, concludes that increasing the number of residency slots in the SJV will be one of the most effective strategies for addressing the physician shortage. Another proposed strategy is to establish and fund programs to successfully prepare more undergraduate students from the SJV to be competitive in gaining admission to health professional schools.

UC Medical Education in the SJV. UCSF Fresno has a 40-year history in the region and operates the largest graduate medical education program in the area (with approximately 300 residents and fellows training). Nearly 50% of physicians completing residency training at UCSF Fresno have remained in the region to practice. The UC report notes, however, that the most significant barrier to expanding UC-sponsored residency positions in the SJV is obtaining additional funding from the state and/or from hospital resources, to cover residency salaries and benefits in addition to the costs of faculty and related infrastructure needs.

As a way for UCM to begin to build partnerships with existing UC medical schools and facilitate its involvement with academic medicine, UCM partnered with the UC Davis (UCD) School of Medicine to help develop a new medical education program focusing on the health needs of the region. The SJV Program in Medical Education (PRIME) was launched in 2011 by UCD, in partnership with UCSF Fresno and UC Merced, to recruit and prepare students for future careers in medicine in the SJV. SJV PRIME students complete their basic sciences/pre-clinical education at UCD, then complete most of their required third-year core clerkships at UCSF Fresno, with options for selecting the amount of time spent in the fourth year at UCSF Fresno or UCD. In 2018-19, management and oversight of the SJV PRIME program will transition from UCD to UCSF.

When SJV PRIME enrolled its first class of five students in 2011, state funding for enrollment had not yet been provided to support the program. In March 2016, however, AB 133 (Chapter 2, Statutes of 2016), a bill that amended the Budget Act of 2015, provided \$1.9 million to expand total enrollment in the SJV PRIME program to 48 students (12 students per year across the four-year curriculum).

In addition to the PRIME, UCM established the Health Sciences Research Institute (HSRI) in 2012 to promote multidisciplinary research by UCM faculty aimed at improving the health of SJV residents. The following year, the HSRI launched a consortium focused on Valley Fever. In 2014, UCM began offering an undergraduate degree in public health, and in 2017, the university received approval to start a public health PhD program.

Recent Budget Activity. The 2015 Budget Act directed UC to spend up to \$1 million from its General Fund appropriation, or from other available funds, to "continue planning for a School of Medicine at the Merced campus in accordance with the action approved by the Regents of the University of California on May 14, 2008." UC indicates that it has since spent about \$750,000, both in-house and for contracts related to the workforce assessment and access to health care reports reference earlier and for an estimate of costs for a possible future branch campus.

UC Merced School of Medicine? The UC report provides a scenario (*though not a recommendation*) for the eventual establishment of an independent medical school at UC Merced that is similar to the conclusions of the WAG report, i.e starting as a branch campus of UCSF. According to the report, partnering with UCSF offers strategic advantages regarding curriculum, program quality, accreditation, cost-savings, timing, and the core education, and the research and public service missions of UC.

The report envisions strengthening the basic sciences infrastructure at UCM, to serve as the foundation upon which to build from, by identifying and recruiting biomedical sciences faculty that could deliver the UCSF curriculum at UCM to first and second-year medical students, who would then complete their clinical training in years three and four at UCSF-Fresno and other clinical settings throughout the region. Transitioning to an independent UCM medical school would be contingent upon: 1) leadership agreement by UCSF and UCM; 2) sufficient, ongoing resources to support the operating needs of an independent medical school at UCM; and 3) approval and successful accreditation.

In terms of cost, based upon recent experiences with development of the UC Riverside School of Medicine, consultation with other U.S. medical schools, and the work undertaken over the past year with an experienced consulting group, the report estimates that the start-up costs for the first ten years of a branch campus, inclusive of capital expenses, is approximately \$157 to \$167 million. Beyond the first ten years, an annual operating budget supporting 50 students per class, *located in or near Fresno but with the curriculum taught at UCM, as discussed above*, would be approximately \$36 to \$40 million annually. Tuition revenues would support roughly \$12 million of this annual budget, leaving a funding gap of \$22 to \$28 million to be filled through another stable and sustainable revenue source. The report suggests that one option to meet this revenue goal would be establishing an endowment of \$400 to \$450 million.

What Next? The UC report provides several findings and recommendations related to improving health care access in the SJV. The report does not, however, explicitly endorse the establishment of an independent medical school, or even a branch campus, at Merced. The report seems to

imply that any branch campus would be established in or near Fresno, with academic support from UCM.

AB 2202 simply appropriates an unspecified amount from the General Fund to establish and construct a branch campus of UCSF, in partnership with UCM and UCSF Fresno, thereby leaving open the location of the branch campus. Regardless, the fiscal matter in AB 2202 is outside the scope of this committee's purview and is more appropriately considered within the budget process, through which the Legislature's fiscal priorities are determined. Given the 2016 budget appropriation to fund the continued planning of a UCM School of Medicine, consistent with the Regents' action in 2008, the committee could affirm its accord with the branch campus concept, while leaving the resource question to a larger budget discussion.

Prior Legislation. AB 2232 (Gray) of 2014, AB 174 (Gray) of 2015, SB 841 (Cannella) of 2014, and SB 131 (Cannella) of 2015, all of which appropriated funds for the SJV PRIME Program, were held on Suspense in Senate Appropriations.

In 2017, AB 207 (Arambula), which authorized the California State University, Fresno to award doctor of medicine degrees, was never heard in committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

California Medical Association

Opposition

None on file.

Analysis Prepared by: Chuck Nicol / HIGHER ED. / (916) 319-3960