



MEDICAL SCHOOL | UNIVERSITY OF MINNESOTA

Medical School Financing and Funds Flow

Timothy Schacker, Executive Vice Dean, Medical School

Bevan Yueh, CEO, University of Minnesota Physicians and Vice Dean for Clinical Affairs

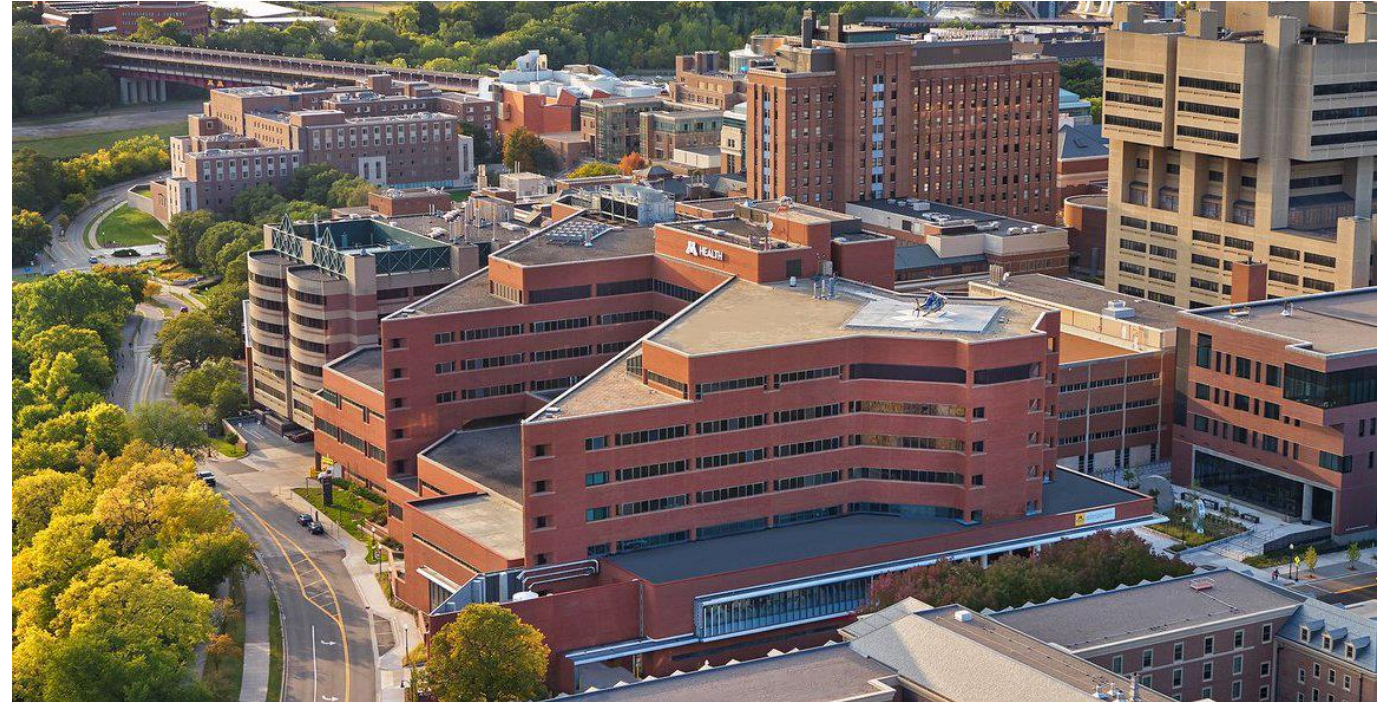
William Sibert, Senior Associate Dean and Chief Financial Officer for UM Physicians

October 25, 2023



Medical School: Foundational Elements

1. Education
2. Innovation/research
3. Clinical practice

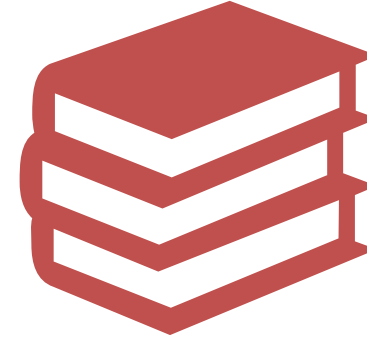


Mission Investment: Education



Medical school education costs are increasing due to:

- Technology
- Complexity
- Need for simulation labs
- Accreditation requirements



Tuition

- Covers only a portion of the actual costs of educating physicians
- Medical schools incur a loss on education

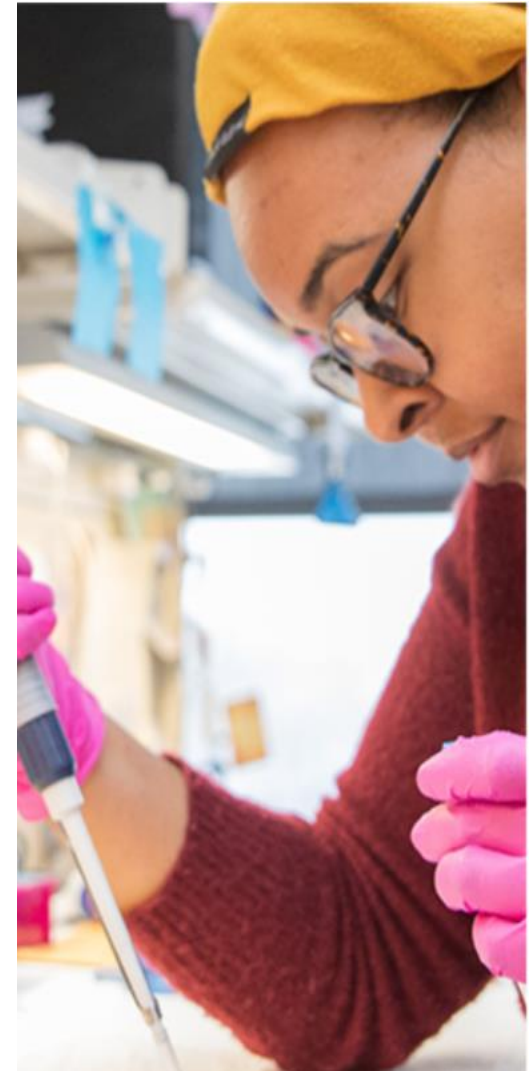
Mission Investment: Research

- Medical school research also incurs a loss, usually a substantial one.
- A study by the Association of American Medical Colleges in collaboration with Price Waterhouse Coopers found that for every \$100 of sponsored research a medical school conducts, it loses \$53.
- University of Minnesota Medical School conducts about \$320M of research/year and must find sources for about \$170M in unfunded research costs annually.

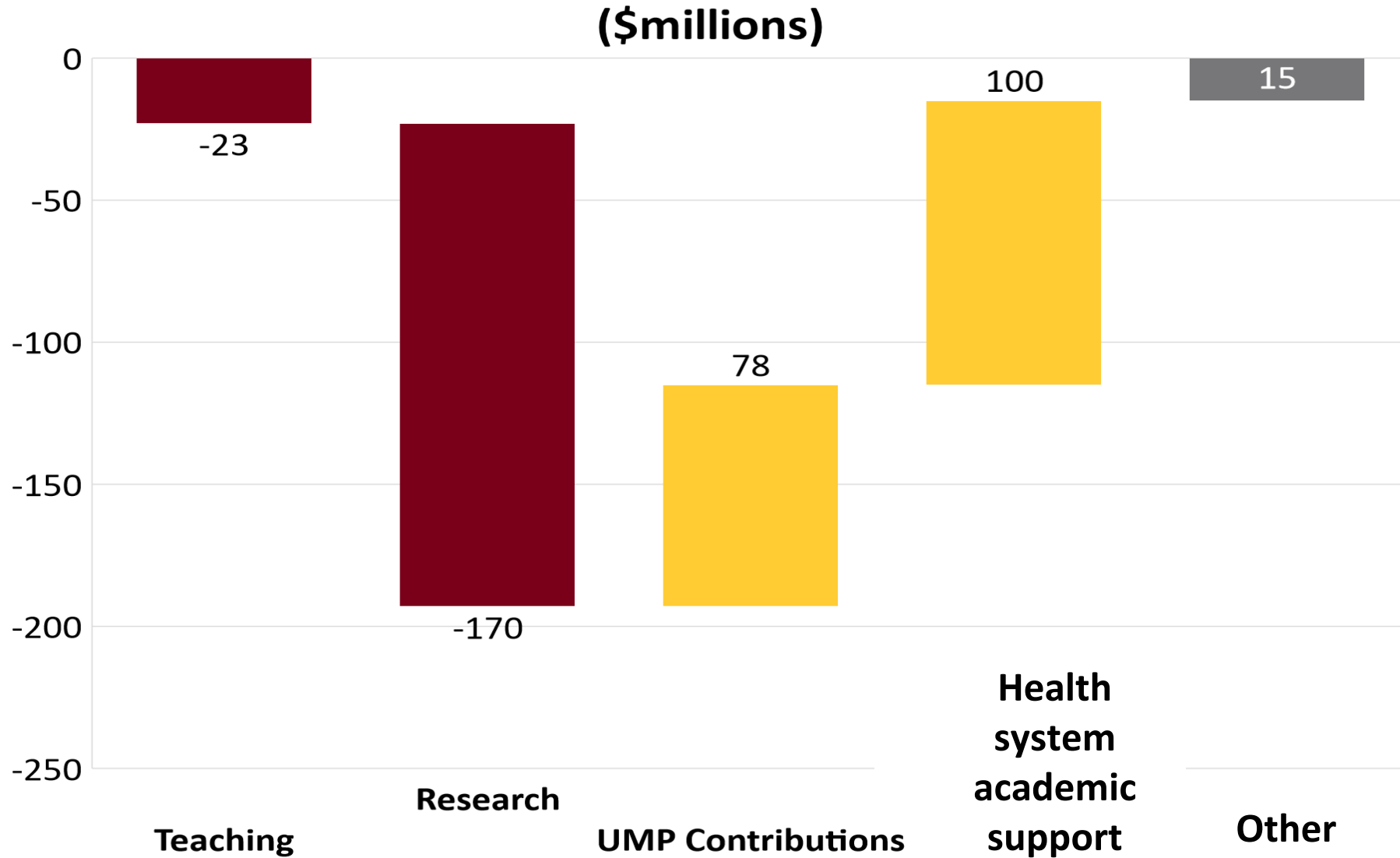


Clinical Support for Mission

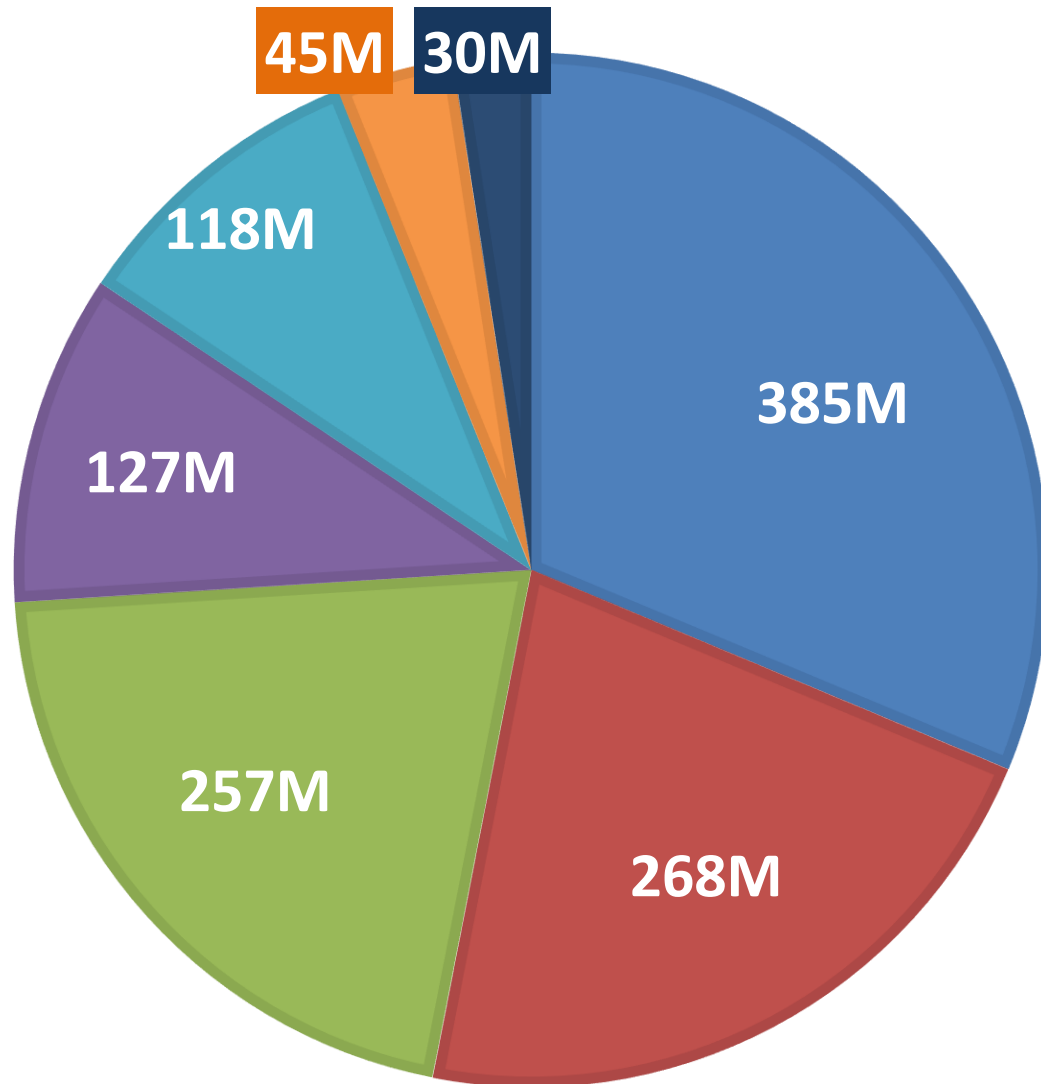
- The University of Minnesota Medical School receives academic support through clinical revenues from two sources:
 1. University of Minnesota Physicians (UMP)
 2. Health system or systems (currently Fairview Health System)
- The funds from UMP are primarily for clinical services provided by the physician faculty to health systems across the state. Fairview represents approximately 90% of these clinical revenues.
- The funds from Fairview are from their operating revenue, which includes payments for services provided by UMP providers.
- Clinical revenues must support the unfunded education and research costs.



Medical School Funds Flow



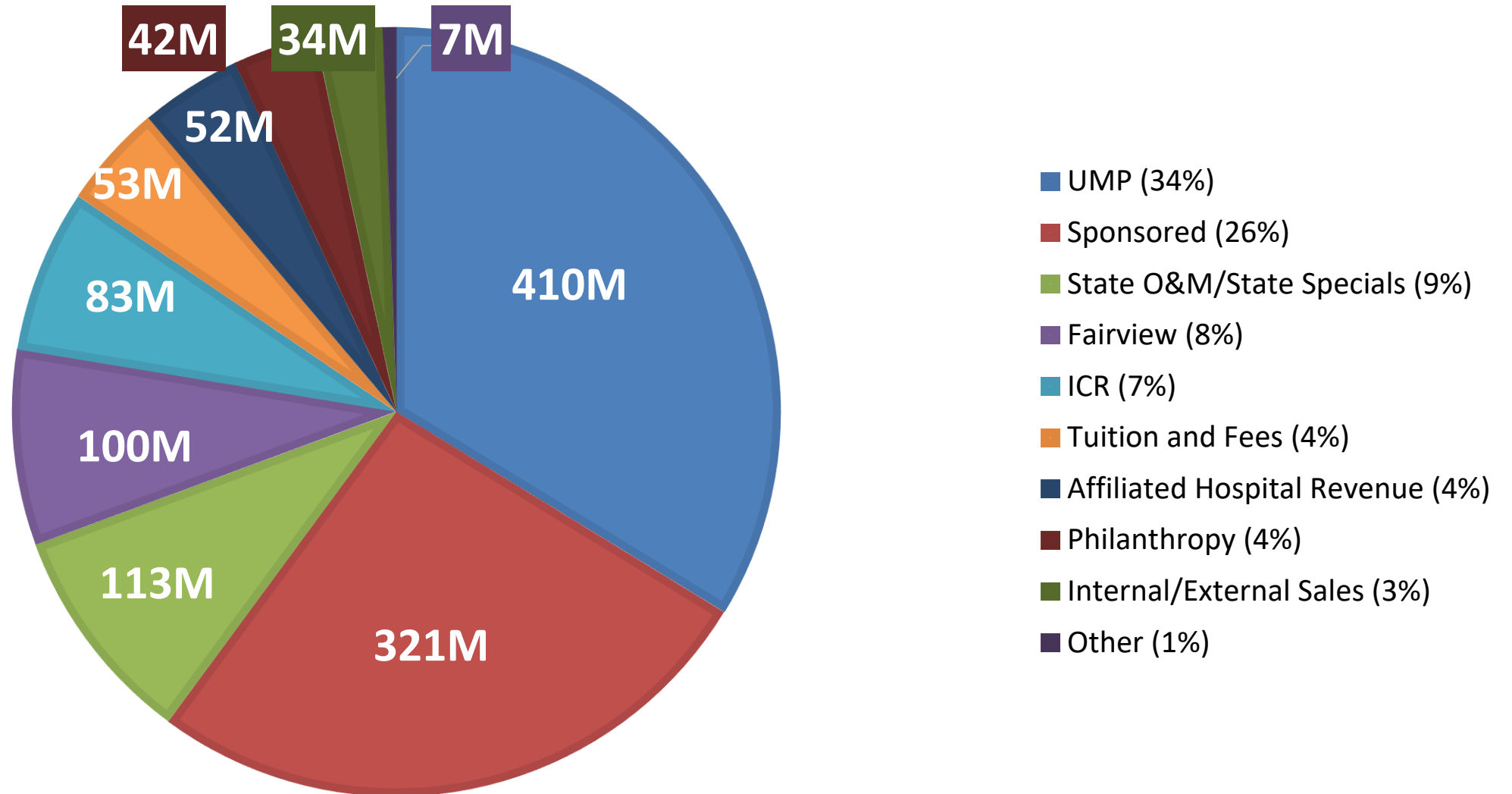
Expenses: \$1.23B



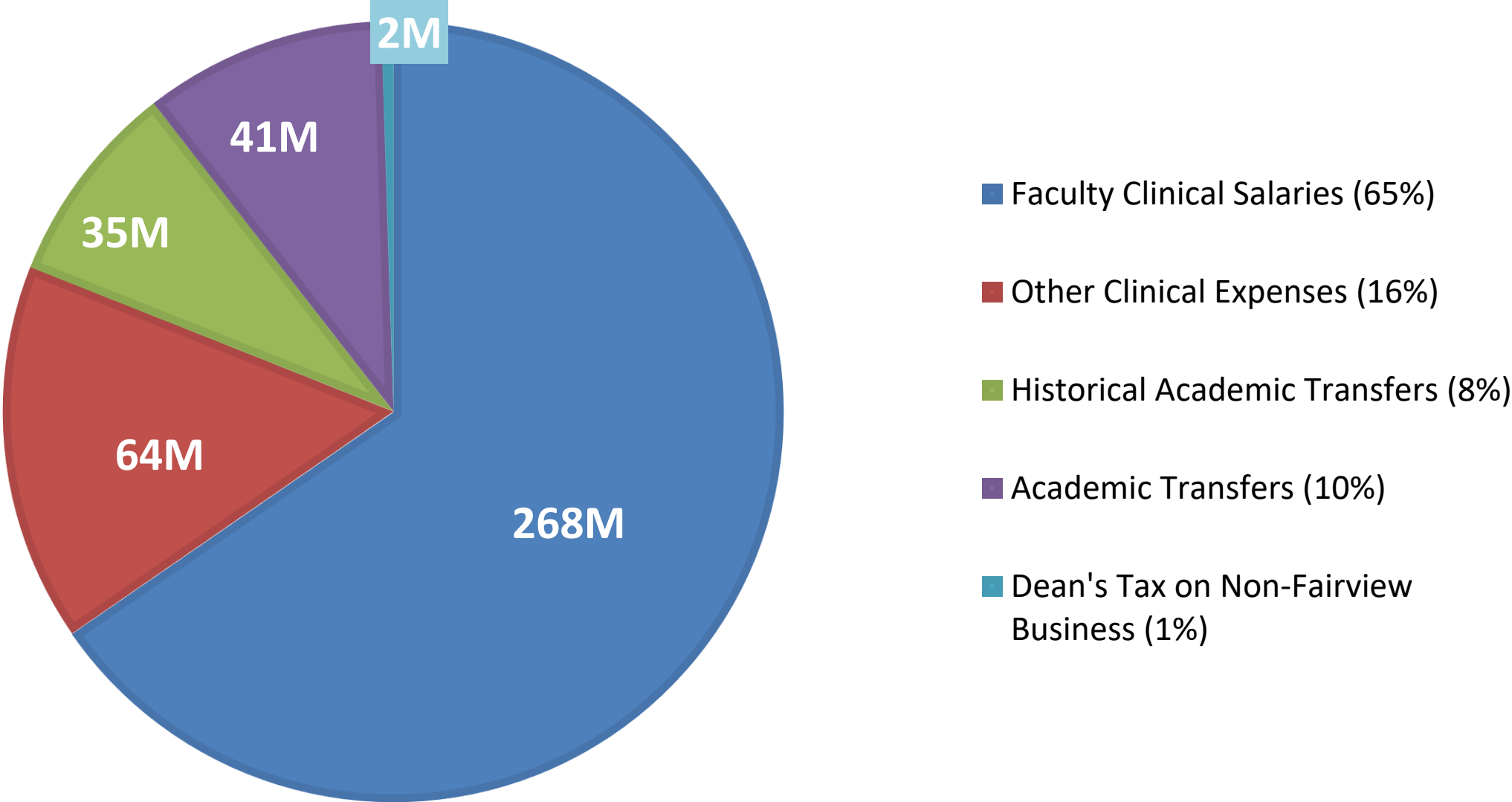
- Salaries (31%)
- Faculty Clinical Salaries (22%)
- Supplies & General (21%)
- Fringe Benefits (10%)
- Indirect Costs and Subcontracts (10%)
- Other (4%)
- Equipment, Rents, and Repairs (2%)



Medical School Sources of Funds FY23: \$1.215B



Sources of Funds from UMP: \$410M

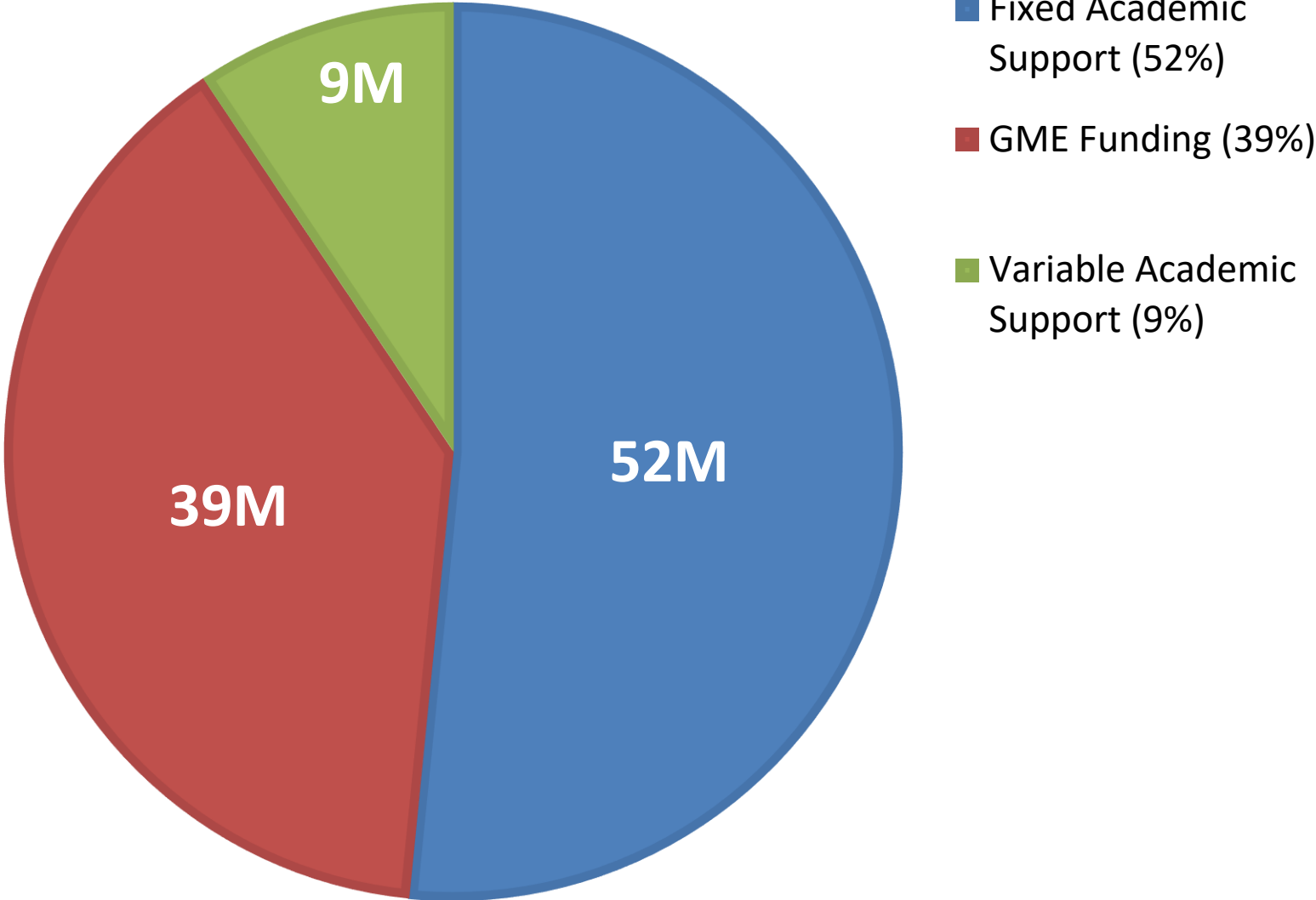


Academic Payment Agreement

- Agreement between University of Minnesota and Fairview Health Services
- Entered in 2018
- Purpose: create a nationally-renowned, high-performing academic health system
- Serves patients and communities in a coordinated manner
- Supports the education and research missions of the University across the care delivery system



Sources of Funds from Fairview: \$100M



At a glance



\$357M
NIH Funding

#8
NIH funding
among public schools



932
MD Students

56
MD/PhD Students

402
Grad Students



3,370
Faculty (full-time, adjunct, affiliated)

2,500
Staff



#2
Primary Care Education by
U.S. News & World Report



3,300
Providers

100
Specialties



1,002
Residents and Fellows



10 Hospitals **60** Clinics

1.2M
patient visits in 2022
(Patients from all of MN's 87 counties)

135 years
& Forward
of caring for minnesotans

