
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 2202 **Hearing Date:** June 27, 2018
Author: Gray
Version: April 16, 2018
Urgency: No **Fiscal:** Yes
Consultant: Jennifer Chase

Subject: University of California: school of medicine.

SUMMARY

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

BACKGROUND

Existing law establishes the UC, a public trust to be administered by the Regents of the UC and grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (California Constitution Article IX, Section 9(a)).

ANALYSIS

This bill appropriates an unspecified sum from the GF to the UC Regents for the creation, construction and establishment of a branch campus of UCSF School of Medicine in partnership with UCM and UCSF, Fresno Medical Education Program.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "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 (UCM). 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."

- 2) ***Health care access in the San Joaquin Valley.*** According to a recently-released University of California (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 percent 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. 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.

A recent workforce assessment conducted by University of California San Francisco (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.

- 3) ***UC Medical Education in the San Joaquin Valley.*** 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 percent 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 University of California Merced (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.

- 4) ***Planning for health education at UC Merced.*** 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:

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 San Joaquin Valley (SJV) and that prepares students for advanced study in all of the health sciences.

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 the University of California (UC) Riverside was a branch of the University of California Los Angeles (UCLA) medical school prior to becoming independent.

Obtain licensure as a fully-independent medical school.

Progress has been made including the establishment of the Health Sciences Research Institute, the development of an undergraduate minor and major in Public Health, and the development of an accredited PhD program in Public Health. However, the recently released UC report indicates that step one of the WAG report is still a work in progress. The UC 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 University of California San Francisco (UCSF) curriculum at the University of California Merced (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. *The author may wish to consider whether expanding the basic sciences infrastructure at UCM is a more appropriate step towards establishing an independent medical school.* Establishing a strong basics science and biomedical program would create an efficient pipeline for an eventual medical school.

The UC report concluded that 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.

- 5) ***Economic feasibility of a medical school at UC Merced.*** According to the UC report, the most substantial barrier to this project is assuring sufficient, ongoing resources can support the operating budget of a high-quality UC medical education program. 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. Notably this bill has a blank appropriation, so a robust

discussion in the fiscal committee will be required to determine if the state has sufficient resources to support a new medical branch campus.

- 6) **Next steps?** Notably, the University of California (UC) report does not explicitly endorse the establishment of an independent medical school, or even a branch campus, at Merced. The report outlines a more feasible short-term approach that begins with an expanded class of medical students that begin their education at the California San Francisco (UCSF) main campus in the first phase of their curriculum and then transition to UCSF Fresno campus for the last two phases. 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 author may wish to consider whether the next step of this development is the construction of a branch campus or whether funds are better used to develop a program between UCSF and UCSF, Fresno.* Notably the report seems to imply that any branch campus would be established in or near Fresno, with academic support from University of California Merced (UCM), not at Merced itself. *The author may wish to clarify the actual location of the new branch campus.*
- 7) **Fiscal impact.** According to the Assembly Appropriations Committee, about \$160 million General Fund over the initial ten years and net annual operating costs of at least around \$20 million thereafter.

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

AB 133 (Assembly Committee on Budget, Chapter 2, Statutes of 2016) amended the Budget Act of 2015, to provide \$1.9 million to expand total enrollment in the SJV PRIME program to 48 students (12 students per year across the four-year curriculum).

AB 2232 (Gray, 2013-14), AB 174 (Gray, 2015-16), SB 841 (Cannella, 2013-14), and SB 131 (Cannella, 2015-16), all of which appropriated funds for the SJV PRIME Program, were held on Suspense in Senate Appropriations.

SUPPORT

California Academy of Family Physicians
 California Chapter of the American College of Emergency Physicians
 California Medical Association
 Merced County Board of Supervisors

OPPOSITION

None received

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