
Special Called Telephonic Board of Regents Meeting

January 11, 2016

Texas State University System Offices



**Texas State University System
Special
Monday, January 11, 2016 - 3:30 PM
Austin, Texas**

AGENDA

1. Academic Affairs
 - A. SHSU: Provide Preliminary Authority for a Doctor of Osteopathic Medicine 3
2. Planning and Construction 11

SHSU: Provide Preliminary Authority for a Doctor of Osteopathic Medicine

Upon motion of Regent _____, seconded by Regent _____, it was ordered that:

Sam Houston State University be authorized preliminary planning authority for a self-funded program leading to the Doctor of Osteopathic Medicine (DO) degree in Conroe, Texas that will include cutting edge curriculum for approximately 600 students and a practice plan for the school's faculty which will assist in paying part of the school's faculty salaries. Further, the President of SHSU will explore external funding for the program to assure that any internal fund balances used to create the program are returned to the University from the program within five years of the first student enrolling in the program.

Explanation

Sam Houston State University is currently seeking preliminary planning authority to offer a self-funded Doctor of Osteopathic Medicine (DO) degree program to serve the rapidly growing population in central east Texas, centered in Montgomery County as well as the entire state. This DO program will emphasize and produce graduates uniquely prepared to serve in rural primary care. The request is in response to the well-documented statewide shortage of physicians, particularly in rural areas, coupled with the emphasis of osteopathic medical education on training primary care physicians, particularly for rural settings. Central to this DO program will be an accompanying initiative by Sam Houston State University to expand the existing supply of residency training slots in Texas through institutional support and cooperative agreements with a new group of hospitals seeking to become accredited for graduate medical education.

Texas Physician Shortage

At both the national and state levels, aging and population growth combined with the implementation of the Affordable Care Act (ACA) have widened the existing gap between the demand for health care and the supply of health care providers, particularly in the area of primary care. An April 2015 report by Merritt Hawkins conducted for the North Texas Regional Extension Center (NTREC) revealed the following characteristics about the physician workforce in Texas:

- Texas ranks 41st among the 50 states in active patient care physicians per 100,000 population. **It would require 12,819 additional physicians to bring Texas in line with the national average** of physicians per 100,000 population.
- Texas ranks 47th in the nation in active primary care physicians (PCPs) per 100,000 population.
 - 35 Texas counties have no physicians of any kind.
 - 80 Texas counties have five or fewer physicians.
 - 147 Texas counties have no obstetrician/gynecologist
 - 185 Texas counties have no general psychiatrist.
 - 158 Texas counties have no general surgeon.
- Smaller counties of 40,000 people or less are home to 2,264,257 Texans (8.6% of the state's population), but only 1,170 physicians (2.5% of the total workforce) practice in these counties.

- There is a ratio of only 52 physicians per 100,000 population in counties of 40,000 people or less in Texas, compared to 228 per 100,000 for the five most populous counties and 183 per 100,000 for the entire state.
- Emerging practice patterns and practice choices among Texas physicians are likely to erode access to physician services in the state, as 45% of Texas physicians plan to accelerate their retirement plans, 19% plan to cut back on hours, 9% plan to switch to concierge practice, and 6.4% plan to work part-time.
- Texas has about 43,000 physicians engaged in patient care for a population of about 23 million. The most recent reports show **Texas ranking 45th in the nation in the number of physicians per population**. Its eight medical schools and their partner organizations educate and train about 5,400 medical students and 6,000 resident physicians, numbers that have changed very little in about 25 years.

Several factors were identified as impeding the state from meeting the demand for physicians, including:

- Texas is growing at a fast and consistent rate, both through new births and through immigration.
- Texans are living longer, and, as people age they require more physician services.
- More specialty care is now available.
- Texans of all ages are seeking more physician services.
- Texas' vast expanses of rural and border areas have long-standing physician shortages.
- A regular succession of groundbreaking innovations in medical science is resulting in a proliferation of new treatments and services.
- Texas medical schools are not producing enough physicians to replace those eligible to retire; 3,200 physicians over age 65 compared with 1,260 medical graduates in 2005.
- Reoccurring rounds of cuts in federal and state funding of medical education and GME are preventing the state from training sufficient numbers to keep up with demand, including the major loss of an estimated \$127 million in Medicaid GME funding.
- Teaching hospitals have a substantial economic impact on local and state economies, averaging an economic multiplier effect of 2.3; for every dollar spent, an additional \$1.30 is generated.
- GME programs are leading providers of indigent care; an important contribution in a state with an uninsured rate of 25 percent - the highest in the nation.
- Without increases, Texas will not produce enough physicians to meet the state's growing demand; will not provide adequate opportunity to Texas medical graduates to train in the state; and will put the state in a vulnerable dependency role on other states and countries to prepare Texas' future physician workforce.
- Texas must expand its homegrown supply of appropriately trained physicians.

The growing need for physicians in Texas is part of a national trend. Existing state medical schools are heeding the call to expand enrollments, growing by 2 percent this year and making further plans to produce more physicians. However, further expansions are stymied by serious limitations in educational infrastructure and funding; leaving Texas in the vulnerable position of depending on other states and countries to produce the physicians we need.

Sam Houston State University intends to emphasize the recruitment and education of primary care physicians to serve rural communities. With 32 counties in Texas being without a family practice physician, it's no secret that rural Texas needs physicians. Recently, to attract more physicians to rural settings, the Texas legislature lifted a longstanding ban prohibiting rural

hospitals from employing physicians. The ban was a result of a Texas statute, dating back to the 1800s, prohibiting corporate interference in medicine. But with the lifting of the ban, physicians can be employed by a hospital, rather than risk starting an independent practice in rural areas where residents are more likely to be uninsured or covered by Medicare or Medicaid.

Regionally, North Harris and Montgomery Counties are experiencing a boom in commercial and retail development spurred on by business expansion and a subsequent population growth. Within a ten-mile radius of The Woodlands, the epicenter of this expansion, health care ranks third in the top five of consumer spending categories. Within 25 miles of The Woodlands, two million people spent just under \$3.5 billion on health care services. With a robust population trajectory and strong economic base, the need for health care professions, especially primary care professionals, will continue to outpace supply.

Graduate Medical Education (GME)

One of the most significant impediments to meeting the increasing demand for physicians is a documented shortage of residency training slots (i.e., GME) in Texas hospitals and other health care facilities. Graduate Medical Education refers to formal medical education that is completed after receipt of a M.D. or D.O. degree in the United States. This education includes residency training, internship, and fellowships that lead to state licensure to practice medicine. Limited growth in Graduate Medical Education opportunities in Texas creates a barrier to expanding medical education and retaining medical school graduates to practice within the state. The expansion of GME to accommodate further growth in medical school graduates is capped by Centers for Medicare and Medicaid Services (CMS) funding levels at existing teaching hospitals; however, **funding remains available for new teaching hospitals** that have never before received CMS funding for residency training. In Texas, there are currently 39 ACGME (American Council on Graduate Medical Education) accredited teaching hospitals out of more than 300 hospitals across the state. Significant opportunities exist to expand GME training at those hospitals and other health care facilities who have never before received CMS funding for residency training. Sam Houston State University will recruit and collaborate with these hospitals to expand the number of residency training slots available in Texas.

Initial visits were made with five large acute care hospitals within a 20 mile radius of the planned site for the proposed DO program. The visiting team was led by our consultant, Dr. Craig Lenz, Founding Dean of the Alabama College of Osteopathic Medicine and one of only 12 individuals trained and authorized by COCA (Commission on Osteopathic College Education) to serve as a consultant to a proposed program. There are an additional 8-10 hospitals located within this radius that could also serve as residency training sites for Sam Houston State University graduates. The purpose of visiting the five hospitals was to assess the resources and the commitment level needed to support third and fourth year clerkship training positions as well as new GME training. The hospitals visited were CHI-St. Luke's The Woodlands, Houston Northwest Medical Center, Memorial Hermann Hospital-The Woodlands, Huntsville Memorial Hospital, and Tomball Regional Medical Center.

In summary, of those five hospitals visited, three clearly are capable of and interested in pursuing further study of the potential for funding residency training. Given that at least 12 large acute care hospitals are located within a 20-mile radius of Sam Houston State University, Dr. Lenz reported that the potential for developing and sustaining training for a class of 150 students within a dedicated educational system is very high.

In addition to expanding GME to hospitals currently without medical residents, opportunities exist to place students in residency positions currently occupied by graduates of foreign medical

schools. In 2015, 21.5% (n=599) of all first year residency positions in Texas were occupied by graduates of foreign medical schools, while that number jumps to 26.8% (n=244) of all primary care resident positions. Focusing on the placement of Sam Houston State University graduates in residency positions currently occupied by international students provides another source of GME.

Osteopathic Medicine

Sam Houston State University proposes to offer the Doctor of Osteopathic Medicine because the degree's focus on primary health care, especially health promotion and disease prevention, will best meet the growing health care needs of Texans, particularly those living in rural areas that are designated as medically underserved. According to the American Association of Colleges of Osteopathic Medicine, "Osteopathic medicine provides all of the benefits of modern medicine including prescription drugs, surgery, and the use of technology to diagnose disease and evaluate injury. It also offers the added benefit of hands-on diagnosis and treatment through a system of therapy known as osteopathic manipulative medicine. Osteopathic medicine emphasizes helping each person achieve a high level of wellness by focusing on health promotion and disease prevention." Characteristics of osteopathic medicine include:

- Colleges of osteopathic medicine are graduating more and more students each year. More than 4,800 new osteopathic physicians enter the workforce each year.
- The nation's approximately 74,000 fully-licensed active and practicing osteopathic physicians practice the entire scope of modern medicine, bringing a patient-centered, holistic, hands-on approach to diagnosing and treating illness and injury.
- Today, more than 20 percent of medical students in the United States are training to be osteopathic physicians.
- Osteopathic physicians can choose any specialty, prescribe drugs, perform surgeries, and practice medicine anywhere in the United States.
- Osteopathic physicians bring the additional benefits of osteopathic manipulative techniques to diagnose and treat patients.
- Osteopathic physicians work in partnership with patients to help them achieve a high level of wellness by focusing on health education, injury prevention, and disease prevention.

In a 2006 report published by Miller, Hooker & Mains (Journal of the American Osteopathic Association; May, 106 (5), 274-9), data from the Texas Medical Board and the Office of the Texas State Demographer were aggregated to compare the rates at which physicians differed in their choices to practice primary care specialties in a rural location. In addition, the impact of sex and type of medical degree on these choices was examined. Analyses revealed that male osteopathic physicians were 2.3 times more likely than all other physician groups to practice rural primary care. Analyses also revealed that female osteopathic physicians were more likely than other physicians to choose primary care as a specialty and were 2.5 times more likely than female allopathic physicians to practice primary care in a rural location. In fact, about 60% of DOs specialize in primary health care, far more than the current number of MDs specializing in primary care. Through this DO degree program, Sam Houston State University will provide a significant expansion of medical school graduates to work in rural primary care.

Self-Funded Model

Sam Houston State University will adopt a self-funded model relying primarily on student tuition and fees without the need for state formula funding. Through this funding model, student recruitment will extend nationally beyond the mandated 10% enrollment cap and attract a

greater number of medical students to Texas than is currently allowable at publically funded medical schools.



D.O. Faculty Practice Plan Summary

Overview

Sam Houston State University (“SHSU”) intends to create a faculty practice plan (“Plan”) to support the proposed Doctorate of Osteopathic Medicine degree. This summary document is intended to provide an outline of the proposed model that will be utilized to create the Plan.

Legal Structure

The Plan will likely operate under the structure of a 501(c)(3) or 501(a), which will permit it to maintain separate governance, policies, and records. Other legal structures may be recommended when final legal and financial opinions are solicited as part of the formal due diligence process.

Governance

The Plan would operate under its own governance framework, with a board of directors and supporting committees that are tasked with furthering the mission of the Plan. An annual audit of the Plan’s financial statements shall be conducted with the cost borne by the Plan.

Purpose

The purpose of the Plan is to centralize billing, collections, and disbursements of all patient revenues and other revenues that are earned by the faculty. This structure allows faculty to focus on patient care while permitting supporting staff to handle all other business processes.

Operations

In initial years, it is envisioned that back office operations of the Plan will be outsourced till full scale is achieved. Physicians will not be responsible for billings or collections, and the Plan will be responsible for negotiating and contracting payment arrangements with various insurance companies.

Revenues

The majority of the revenues into the Plan will be obtained from patient care. A secondary source of revenue will be provided by hospitals for reimbursements of certain expenses incurred by the Plan.

Expenses

The primary expense will be staff costs and related expenses; however, it is also anticipated that the Plan will pay an annual academic assessment to SHSU to support the growth of academic programs, recruit new faculty, and support program development. The academic assessment is typically structured as a percentage of annual revenues.

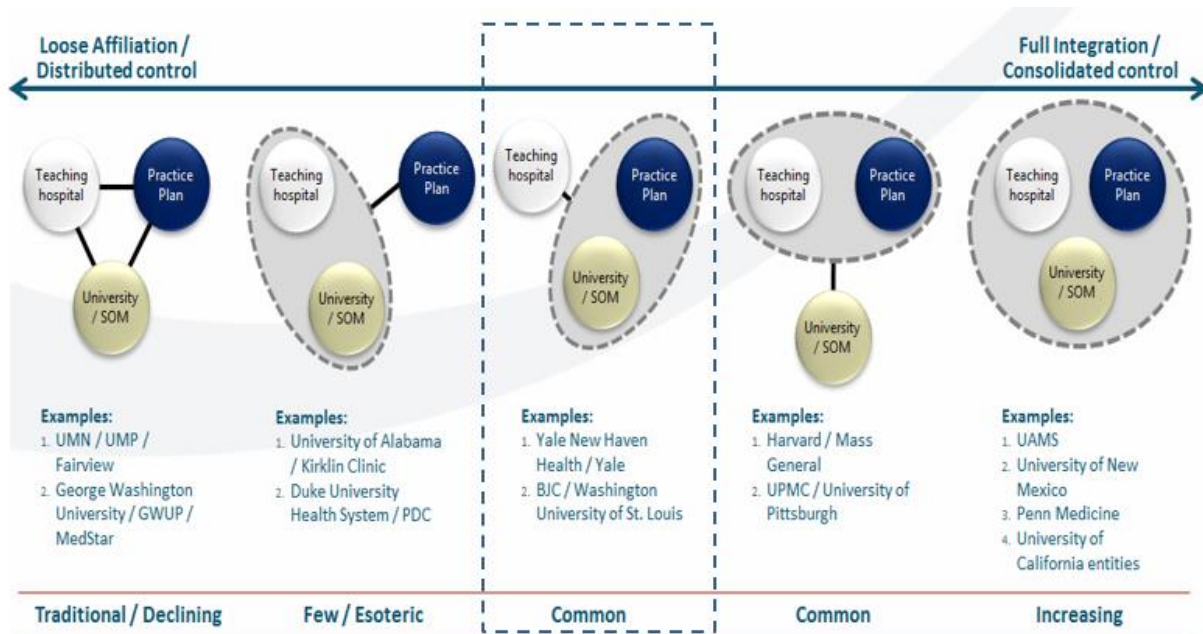
Faculty Compensation

Depending on their classification, faculty may receive up to three different compensation streams. Compensation may include base salary, supplemental income, and incentive compensation. The base salary will be set by formula based on the average salary for faculty that teach basic science courses. The amount of remuneration for each of these categories will depend on various factors such as rank, full-time equivalent status, outside appointments, and the relevant specialty. Voting members of the faculty will be permitted to vote on various matters including compensation on an annual basis.

Next Steps

This outline provides a conceptual overview of the Plan, and SHSU's next step would be to hire a Dean to finalize the supporting Plan.

Figure 1: Various Models for Integration of University Practice Plans



First Year Residency Slots in Texas

	Total	Other Than Primary Care	Primary Care*	Primary Care Excluding Internal Medicine
Total	2,792	1,882	910	448
Unfilled	65	58	7	3
Filled	2,727	1,824	903	445
Graduates of Foreign Medical School	599	355	244	109
U.S. Citizen	248	141	107	63
Non-U.S. Citizen	351	214	137	46

Source:

2015 National Resident Matching Program (NRMP) Main Residency Match Rates by Specialty and State

*This category of primary care includes specialties of Family Medicine, Internal Medicine, Internal Medicine - Pediatrics, and Pediatric

**SHSU believes the potential partner hospitals already contacted would provide residency slots needed. Additionally, the current data demonstrates an ability to potentially place graduates of a U.S. medical school in positions now held by graduates of a foreign medical school.

TSUS: Revisions to Capital Improvements Program

Upon motion of Regent _____, seconded by Regent _____, it was ordered that:

The attached revisions to the TSUS Capital Improvements Program be approved.

Explanation

Approval of this Motion will add two new projects to the CIP, amend an existing CIP project, and authorize an increase in the scope of another existing CIP project as described below:

Lamar Institute of Technology – Utility Corridor Project for the Renovation and Replacement of Technical Arts Buildings

The TA Buildings Renovation/Replacement project at LiT is an existing CIP project, funded by tuition revenue bonds, that is currently in the procurement process. It has recently become evident that the infrastructure portion of the existing CIP project should be undertaken as a separate CIP project in order to allow for the procurement of the main electrical switchgear that must be installed prior to the select demolition of existing utilities that support the existing campus operations as well as relocation of utility infrastructure that impedes critical schedule activities associated with the construction of the new technology arts and classroom building. Approval of this motion will create a new project to provide select demolition and installation of new utility infrastructure as further described on the attached Project Information Form.

Texas State University – Anthropology Forensics Lab Renovations

Texas State University wishes to add a new project, the Anthropology Forensics Lab Renovations, to the CIP. The need for this project has recently arisen, and the University wishes to initiate the project immediately upon approval by the Board of Regents for its addition to the CIP. The project will renovate 10,260 square feet of existing space into classrooms, lab, and research space, at a preliminary project cost of \$2.13 million. Further information is in the attached Project Information Form.

Texas State University – Engineering and Science Building

This project is on the CIP and the architect and construction manager-at-risk have been engaged. Due to the rapid growth in enrollment in engineering programs at Texas State, the scope of this project has been increased from 122,665 gross square feet to 151,265 gross square feet, including the addition of another floor containing classrooms and advising, study and ancillary spaces. The addition to the project's scope will result in an increase in the preliminary project cost from \$107 million to \$120 million. The project is to be funded through tuition revenue bonds, Higher Education Funds, gifts, TSUS bonds and TRIP matching funds. Further information is provided on the attached Project Information Form.

CIP Project Information Form

Project Name: Utility Corridor Project for the Renovation and Replacement of Technical Arts Buildings

Component: Lamar Institute of Technology

Program Year: 2016

New or Amended: New (is part of existing CIP project)

On Campus Master Plan? Yes

Project Type: Classroom, General

Gross square footage: N/A

Site/Location: At existing site of TA Buildings on LiT campus

Project Need: Due to the critical time frames associated with work activities regarding the infrastructure to support the new Technology Arts Classroom Building, the breakout of the utility portion will allow the procurement of long lead equipment that must be installed and operational prior to the select demolition of the utilities lines currently supporting the existing buildings on campus. If this scope remains in the single existing project, the timelines for the development of construction documents as well as the critical path timelines associated with the procurement and installation of the key infrastructure equipment would postpone the opening of the building until the Spring of 2018.

Preliminary Project Cost: \$2,000,000

Source(s) of Funding: TRB

Comments: The scope of this project currently forms a part of the scope of the TA Buildings Renovations/Replacement project, which is on the CIP.

CIP Project Information Form

Project Name: Anthropology Forensics Lab Renovations

Component: Texas State University

Program Year: 2016

New or Amended: New

On Campus Master Plan? No

Project Type: Laboratory, General

Gross square footage: 10,260

Site/Location: 1921 Ranch Road 12

Project Need: This project will support the Department of Anthropology and the Forensic Anthropology degree and Research Lab with an additional 4,500 square feet of classroom space and 5,760 square feet of research and laboratory space. The location is ideally located near the San Marcos Campus and between the Forensic Anthropology Research Facility located on the Freeman Ranch and the Grady Early Forensic Anthropology Research Laboratory located at West Warehouse Building One. The renovation project will meet the identified needs of the Department of Anthropology for additional office, lab, teaching, research, and demonstration space.

Preliminary Project Cost: \$2,130,000

Source(s) of Funding: Higher Education Funds (HEF)

Comments: Preliminary project cost is based on THECB cost medians.

CIP Project Information Form

Project Name: Engineering and Science Building

Component: Texas State University

Program Year: 2015

New or Amended: Amended

On Campus Master Plan? Yes

Project Type: Laboratory

Gross square footage: 151,265

Site/Location: 327 W. Wood Street

Need for Amendment: Higher than anticipated demand for classes required to complete a degree in engineering have created a need for additional instructional space in this building. An additional floor has been added to the scope of the project, and the gross square footage has been increased from 122,665 to 151,265 and the project cost has been increased from \$107,000,000 to \$120,000,000. Classrooms, advising space, study space and spaces ancillary to these uses have been added to the project.

Preliminary Project Cost: \$120,000,000

Source(s) of Funding: Tuition Revenue Bonds, gifts, HEF funds, TSUS Revenue Finance System Bonds, TRIP match

Comments: