The Samuel Bronfman
Department of Medicine

Mission-Based Budgeting and
the C.A.R.T.S. Methodology

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Overview

- Background of Mount Sinai School of Medicine (MSSM)
- Tri-part Institutional Missions
- Financial Overview of Department of Medicine
- C.A.R.T.S. – Clinical, Administrative, Research, Teaching, and Strategic
- Conclusion: Recap and Q&A
Background

- Corporate Structure: academic medical center, private not-for-profit corporation
- Mount Sinai Medical Center: Mount Sinai School of Medicine + Mount Sinai Hospital (MSH)
- Non-university medical center

Institutional Tri-part Missions

<table>
<thead>
<tr>
<th>Mission</th>
<th>Institution</th>
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</thead>
<tbody>
<tr>
<td>Research</td>
<td>MSSM</td>
</tr>
<tr>
<td>Teaching</td>
<td>MSSM/MSH</td>
</tr>
<tr>
<td>Patient Care/Community</td>
<td>MSSM/MSH</td>
</tr>
</tbody>
</table>
Financial Structure = Missions

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Expenses</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental/Strategic</td>
<td>Faculty Compensation: Clinical services provided to MSH, teaching services provided to MSSM Medical/Graduate School, administrative overhead/roles</td>
<td>C.A.R.T.S: Clinical, Administrative, Research, Teaching, Strategic</td>
</tr>
<tr>
<td>Faculty Practice Associates (FPA)</td>
<td>Practice Overhead, Faculty Compensation</td>
<td>Faculty practice revenue - less institutional/departmental assessment</td>
</tr>
<tr>
<td>Grants</td>
<td>Direct and Indirect Costs</td>
<td>Grant Awards</td>
</tr>
<tr>
<td>Gifts/Philanthropy</td>
<td>Institutional and Departmental Strategic support</td>
<td>Spin off interest of endowments, donations, etc...</td>
</tr>
</tbody>
</table>

Financial Overview
Annual Unit Operating Expenses (excludes CVI)
Financial Overview
Annual Unit Operating Revenue/Budget

Aligning Missions with Departmental Budgets
(C.A.R.T.S.)

<table>
<thead>
<tr>
<th>Institution Source:</th>
<th>MSSM</th>
<th>MSH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical</td>
<td>N/A</td>
<td>Hospital Services: Clincs, MIU, Hospitalists, etc...</td>
</tr>
<tr>
<td>Administrative</td>
<td>Chair/Chief</td>
<td>Chair</td>
</tr>
<tr>
<td>Research</td>
<td>Percentage of direct grant expenditures</td>
<td>N/A</td>
</tr>
<tr>
<td>Teaching</td>
<td>Medical and Graduate School</td>
<td>Residency and Fellowship Teaching</td>
</tr>
<tr>
<td>Strategic</td>
<td>Faculty recruitment and renovations</td>
<td>Strategic support of key clinical programs</td>
</tr>
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Clinical $ *

Definition: to support cost of services provided to Mount Sinai Hospital by Department of Medicine
- Faculty Salaries and Fringe Benefits
- Malpractice
- Administrative Support

Clinical: MSH Methodology

- Calculate wRVUs for Medicaid inpatient services, Medicaid ambulatory surgeries/procedures, and clinic services
- Apply MGMA productivity standard (wRVUs/MD FTE) by department or specialty (75th percentile)
- Convert resultant MD FTEs into dollars by applying median salary by department or specialty (AAMC data)
Clinical: MSH
Methodology example

- Orthopedics total annual wRVUs = 20,000
- 20,000 wRVUs/ 8087wRVUs (MGMA 75%) = 2.47 clinical FTE
- 2.47 clinical FTEs x median AAMC salary = Potential Clinical support
- Potential clinical support - less clinical revenue = Actual clinical support

Clinical: DOM Methodology
Cost of Clinical

Costing of Faculty Service Effort:
- Service FTE = standard faculty effort spent on specific hospital service, i.e. 4 hour clinic session = 10%
- Compensation + Fringe x Service FTE = Cost of Faculty Service Effort
- Malpractice x FTE = Malpractice Cost
- Salary + Fringe x Admin FTE = Administrative Support
Clinical: Clinical/ FPA Hybrids

Hospital Services in which provider may also bill for patient care via the FPA

Example: Internal Medicine Associates – 80% hospital teaching clinic and 20% faculty practice (based on insurance type)

Adjusted Cost of Clinical = Total Cost of Clinical Services - Net FPA $ available towards faculty compensation.

Clinical: Sample Report

Cost of Clinical Report Summary
**Administrative $**

Definition: nominal amount calculated by the Dean’s office for partial support of Chairman and administrative salaries.

- Amount based on department size

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**Research $**

Definition: to support departmental research operations

- Dollars derived as a percentage of direct spending
- Rate depends on type of grant spending
### Research $: Formulas

<table>
<thead>
<tr>
<th>MSSM Grant Type</th>
<th>Research Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal NIH</td>
<td>20% of direct spending</td>
</tr>
<tr>
<td>Clinical Trials, Foundation and other</td>
<td>1 - 5% of direct spending</td>
</tr>
</tbody>
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### Research $: Sample report

Research Report
**Teaching $**

**MSSM Definition**: to support faculty teaching costs associated with all years of medical and graduate school education

**MSH Definition**: to support faculty effort associated with the teaching of residents and fellows

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**Teaching $: MSSM**

School teaching dollars are generated in two different ways:

1. actual contact time with students and prep time associated with these hours
2. leadership roles in education (ex. Course Director)
**Teaching $: Contact Time**

**Years 1 and 2 (individually earned):**
Contact time = $200 per hour  
Prep time = $200 per hour  
Prep time varies by teaching activity:
- 2 Prep hours : 1 hour of lecture  
- 0.5 Prep hours : 1 hour of lab  
- 1 prep hour : ea. clinical correlate small group  
- 0 prep time for small group clinical preceptor

**Teaching $: Contact Time**

**Years 3 and 4 (departmentally earned):**
Department receives $200 per student per week of the clinical rotation
Teaching $: Leadership

- Course Directors: generate $200/hour multiplied by three times the total number of hours of their course. (Co-Directors 50/50 split the same $ dollars as full Directors.
- Associate Course Directors generate $200/hour multiplied by three times the total number of hours dedicated to their role in the course.
- Clerkship Directors generate $75,000 (plus fringe) for their leadership role.

Teaching $: Sample report

Teaching Report
Teaching $: MSH

Total funding based on DME revenue (net of direct medical education expenses)
Allocated Net DME Revenue to departments based on proportion of total residents

Teaching $: MSH Cont.

DME Revenue: $53.0 M
Direct Expenses:
- Resident Salaries & Benefits $36.5 M
- Housestaff Non-Salary Exp $ 0.4 M
- Malpractice Expense (Est) $ 2.1 M
Net DME (Avail for Teaching Support) $14.0 M
Total Resident FTEs 673.92
Based on NYS weighting system (Primary Care =1.2, Specialty Care =1.0)
Net DME per Resident $20,799
- Teaching support expected to cover faculty supervision of housestaff and teaching program infrastructure
**Strategic $: MSSM/ MSH**

Definition: Financial support for new recruitments and new programs during start up phase or on going support for existing strategic programs

- Faculty/Program Business Plan
- Sources of financial support: Dean’s Office, Hospital, or Chairman/Departmental

**Recap (C.A.R.T.S.)**

Amounts in Millions, Total = $32.4 M

- Clinical, $18.40
- Research, $2.90
- Admin, $0.20
- Teaching, $2
- Seed, $8.90
Mission-Based Budgeting and the C.A.R.T.S. Methodology

Q & A

Thank You