



Item: AFSP: I-6

AUDIT AND FINANCE/STRATEGIC PLANNING COMMITTEES

Wednesday, June 13, 2007

SUBJECT: PROPOSAL TO INCREASE STUDENT HEALTH FEES.

PROPOSED BOARD ACTION

Recommend approval to increase the student health fee by \$1.33 per credit hour (from \$5.00 to \$6.33 per credit hour) for Academic Year 2007-08 to the Board of Trustees.

BACKGROUND INFORMATION

- The student health fee is currently \$5 per credit hour and has been at this rate since Academic Year 2000/01.
- Increased operating costs and increased demands for services require additional revenue to be raised that would allow for the continuation of student health services (SHS) at CURRENT levels on the Boca Raton campus, SHS on the MacArthur campus and counseling services on the MacArthur campuses.
- The current year budget deficit is approximately \$318,000 at the Boca Raton SHS and \$30,000 at the MacArthur campus, which have been covered through cash balances.
- There are additional needs for counseling services, especially psychiatric services, on the Boca Raton campus. There are needs to expand health and counseling services on all partner campuses.
- The FAU student health fee rate currently ranks 8th highest among SUS peers. If the proposed increase is approved, the student health fee rate would rank 6th among SUS peers.

A committee comprised of six students and six staff members has recommended an increase to the student health fee by a vote of ten for, 1 against and one abstained.

IMPLEMENTATION PLAN/DATE

Increase the student health rate by \$1.33 per credit hour (to \$6.33 per credit hour) for Academic Year 2007-08. This represents an average annual increase of 3.4 percent since 2000-01. As part of the approval, the President will authorize the creation of a Student Health Services Task Force to review current health services and to recommend a comprehensive program that will include:

- Services provided to students.
- Cost of services, such as co-pay and type of health fee (credit hour, block, or a combination).
- Integration of existing and proposed programs and facilities, such as in the College of Nursing, the UM/FAU Medical Partnership Program, and the Boca Raton Teaching Hospital.

- Consideration of mandatory or optional health insurance programs.
- Coordination with BOG and other state universities related to health services and insurance programs.

The Task Force will submit their recommendations to the Board of Trustees prior to May 31, 2008.

FISCAL IMPLICATIONS

- The rate increases will cost the average full-time student (enrolled for 12 credits) \$15.96 per semester in 2007-08.
- The rate increase will generate approximately \$718,000 in additional revenue for 2007-08. NOTE: All student health fee revenue is distributed proportionally to each partner campus according to the portion of credits students are enrolled at each partner campus.
- The additional revenue will be used to maintain current levels of services and add essential new services. Additional medical clinic and pharmacy staff could be hired in 2008-09.
- The Boca Counseling Center intends to hire at least a part-time psychiatrist and possibly additional mental health counselors. FAU's Counseling Center is currently one of the few in the State University System not providing psychiatric services.
- Additional medical and counseling staff would be hired in 2008-09 at the MacArthur Campus.
- A new SHS Clinic will open on the Davie campus in January 2008 and the additional revenue will be used to cover their start-up operating costs and hire additional staff when workload increases.
- The Treasure Coast campus will be able to contract for part-time off-campus licensed mental health counseling services and add health promotion services in 2008-09.
- An after-hours telephone triage service for medical and behavioral health would be implemented for 2007-08.

Supporting Documentation: PowerPoint Presentation

Presented by: Ms. Cathie Wallace, Director, Student Health Services

Phone: 561-297-3516

Request to Approve Increase in the Student Health Fee for Student Health Services & Counseling Center Services

In support of the University's Strategic Plan, goal 1, objectives 3-5 (providing services which contribute to the retention and academic success of students), the Student Health Fee Committee met on 02/21/07 and 03/12/07 and recommended the following:

- Increase the student health fee from the current \$5.00/credit hour to \$6.33/credit hour (a \$1.33/credit hour increase) for AY-07/08.

AND

- Increase the student health fee again for AY-08/09 from \$6.33/credit hour to \$7.50/credit hour (a \$1.17/credit hour increase).

Request to Approve Increase in the Student Health Fee for Student Health Services & Counseling Center Services

Rationale for the amount of increase and 2-year proposal:

- The proposal must comply with the statutory criteria which regulate student health fee increases. Although a single year increase to solve the current budget deficit problems is desired, there is not enough fee increase “*cap room*” (i.e. all students fees must not exceed 40% of tuition costs AND must not cause student fees to rise more than 5% in a single year). Therefore, two consecutive increases are needed.
- Only a 2-year increase will eliminate current and projected budget deficits for the Boca Raton campus Student Health Services (SHS), MacArthur campus SHS and MacArthur campus Counseling Center.
- The proposal provides enough revenue to maintain the current level of medical/dental services on the Boca Raton and MacArthur campuses without the need for an immediate cut in services.
- The proposal provides additional revenue to increase the probability of improving the availability of healthcare and counseling services on all partner campuses.

What are the current level of services provided?

Services Provided at each Partner Campus	Boca	Broward	Mac Arthur	Treasure Coast
1. General Medical Clinic	Yes	Opens 2008S	Yes	See #11
2. Dental Clinic (provides fillings/x-rays/cleanings) - FAU is only SUS SHS Clinic with Dental	Yes	No	No	No
3. Women's Health Services	Yes	Opens 2008S	Yes	See #11
4. Men's Health Services	Yes	Opens 2008S	Yes	See #11
5. Contracted Gynecologist Services	Yes	No	No	No
6. Pharmacy (Community licensed with mail service)	Yes	by mail	by mail	by mail
7. Immunization Office (provides compliance with State statutes for enrollment)	Yes	No	No	No
8. Mental Health/Psychological Counseling	Yes	Yes	Yes	No
9. Psychiatrist / ARNP for Medication Management	No / Yes	No / No	No / No	No / No

What are the current level of services provided?

Services Provided at each Partner Campus	Boca	Broward	Mac Arthur	Treasure Coast
10. Contracted Ultrasound Services	Yes	No	No	No
11. Contracted Off-campus General Practitioner	No	No	No	Yes
12. Contracted General Medicine (Nova SE University Student Health Clinic)	No	Yes	No	No
13. Public Health Consultants for Communicable Disease Outbreaks	Yes	No	No	No
14. FAU Student Insurance & Pharmacy Insurance Claims Processing	Yes	No	No	No
15. Exceptional Circumstances Withdrawal Committee Membership	Yes	No	No	No
16. Athletic Drug Appeals Committee Membership	Yes	No	No	No
17. HIV Screening (free)	Yes	No	No	No
18. Wellness Education	Yes	No	No	Program Asst.

Sources of Revenue & Distribution to Partner Campuses

Student Health Services (Boca Raton Campus)

- **85% of all revenue comes from student health fees.**
- The remaining **15%** comes from user fees charged on goods for resale (e.g. *prescription medication, lab tests, etc.*) and on services delivered (e.g. *vaccinations, physical exams, etc.*).
- FAU is the only SUS student health service which has needed to implement a **\$5 medical office visit fee and \$10 dental visit fee (implemented Fall 2006).**

Student Health Services (MacArthur Campus)

- More than **92%** of the revenue comes from the student health fees.
- Also implemented a **\$5 medical office visit fee, Fall 2006.**

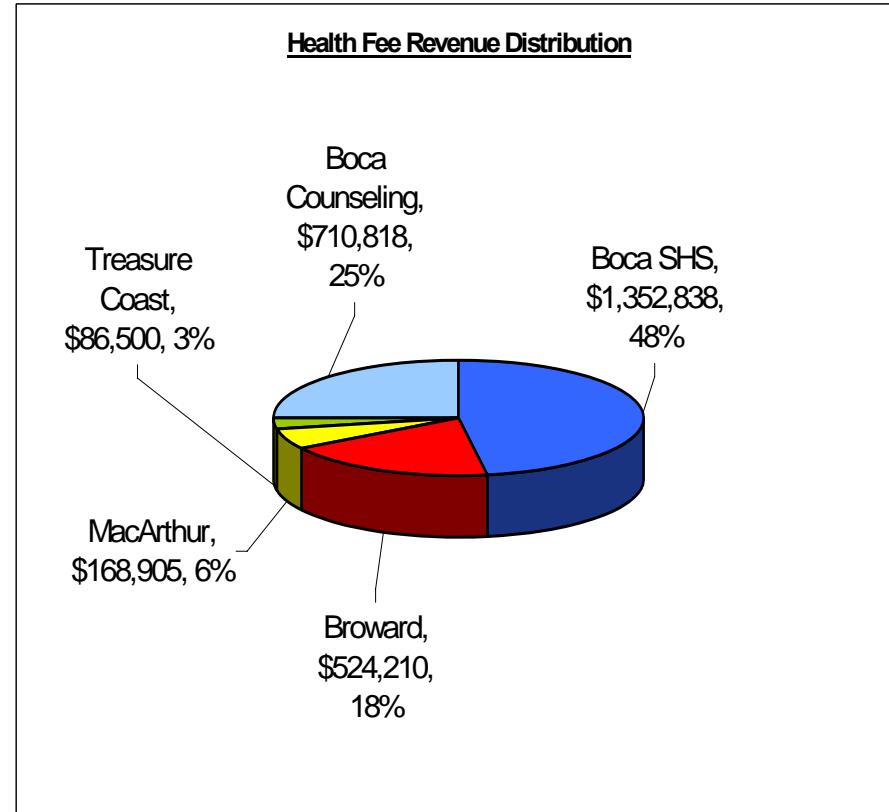
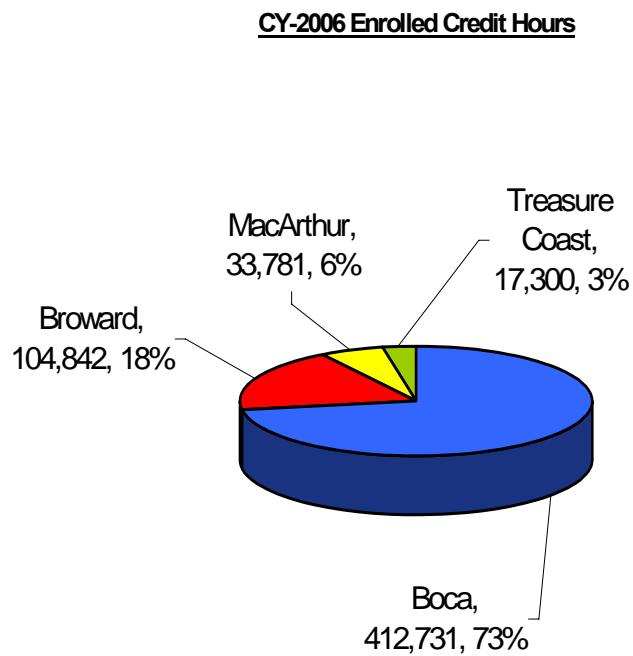
Counseling Services (Boca Raton/MacArthur/Davie Campuses)

- All revenue comes from the student health fees; there are **no user fees** charged to students.

Distribution of Student Health Fee Revenue

- Revenue is shared and distributed proportionally to all partner campuses according to the total number of credit hours students are enrolled at each campus. This revenue transfer occurs regardless of whether healthcare or counseling services are currently being provided on the campus.

Student Health Fee Revenue Distribution (example for CY-2006)



What is driving the need to increase the student health fee?

Reason #1 of 5: To enable SHS and Counseling Services on all campuses to accomplish their primary mission (*i.e. provide the support services which contribute to student retention and academic success of students*), an increase is required to avert an immediate cut in the current level of services being provided.

- The current revenue to expense budget gap at Boca Raton SHS is approximately \$318K with an additional \$300K of revenue transfers being deferred for distribution to the partner campuses.
- Boca Raton SHS has been able to remain fiscally solvent by:
 - delaying revenue transfers to partner campuses
 - using reserve account funds
 - slowing the replacement of personnel who have resigned
 - deferring the replacement of aging equipment
 - increasing/implementing user fees in 2006F.
- MacArthur Campus (SHS and Counseling Services) also have a budget deficit of approximately \$30K; they have no reserve account funds to cover the deficits.

What is driving the need to increase the student health fee?

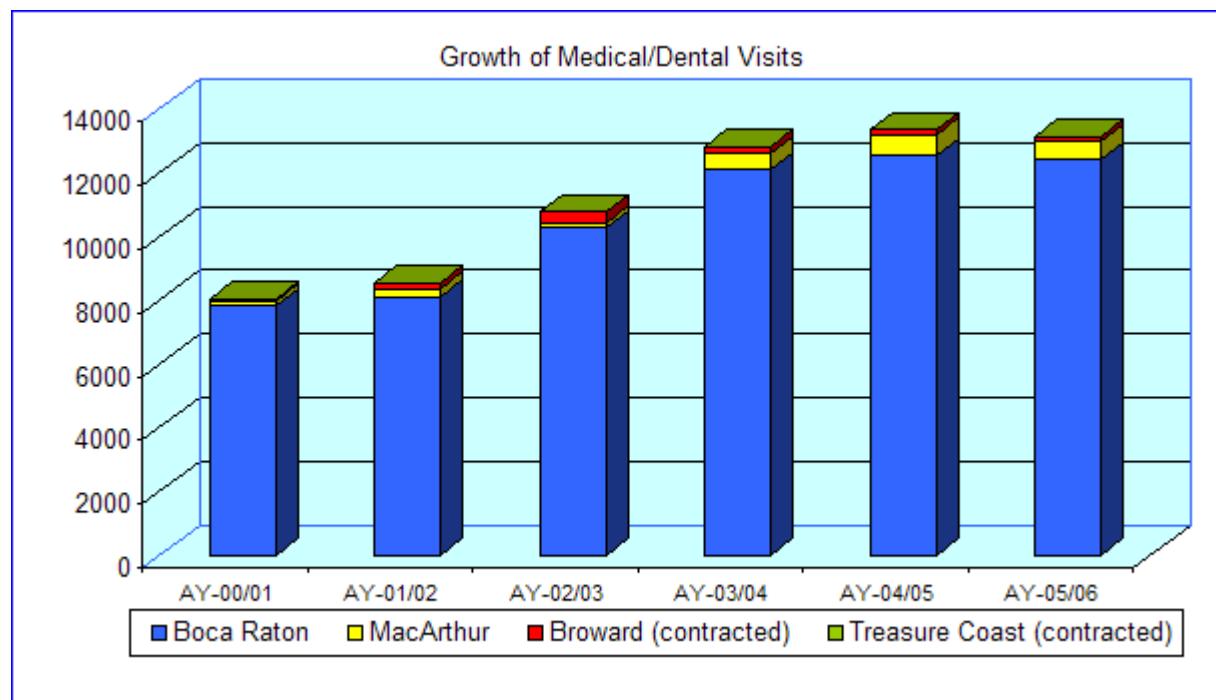
Reason #2 of 5: The student health fee has not increased since AY-00/01 while operating costs have increased.

- Inflation rate for the healthcare sector has risen by **35%**.
- Consumer Price Index for all goods/services has increased by **18%**.
- Annual raises for our employees have grown by **18.3%**
- Cost of employee benefits has also increased, in large part due to the cost of employee health insurance.
- Cost of utilities (electricity and HVAC) rose dramatically by **93%** between FY-04 and FY-07 due to the hurricanes of 2004-05.
- Annual cost for the disposal of biohazardous medical waste increased by **74%** between FY-04 and FY-07 because SHS must use campus disposal services rather than contracting with a private vendor (*i.e. SHS shares in the high cost of contracted campus disposal services, not just waste generated by SHS*).
- Other FAU student fees increased (**Athletic fee by 57% and A&S fee by 43%**).

What is driving the need to increase the student health fee?

Reason #3 of 5: The demand for services has increased dramatically since the last student health fee increase in AY-00/01.

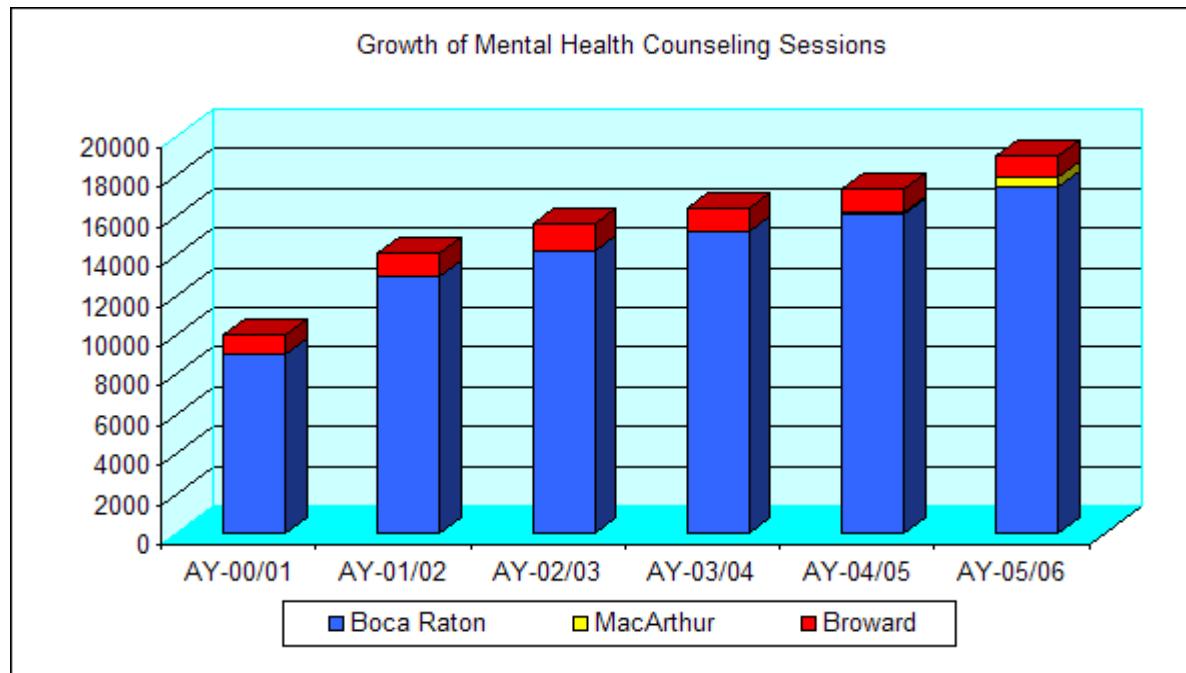
The number of medical/dental appointments provided across all campuses grew by **63%**.



What is driving the need to increase the student health fee?

Reason #3 of 5: The demand for services has increased dramatically since the last student health fee increase in AY-00/01 (CONTINUED).

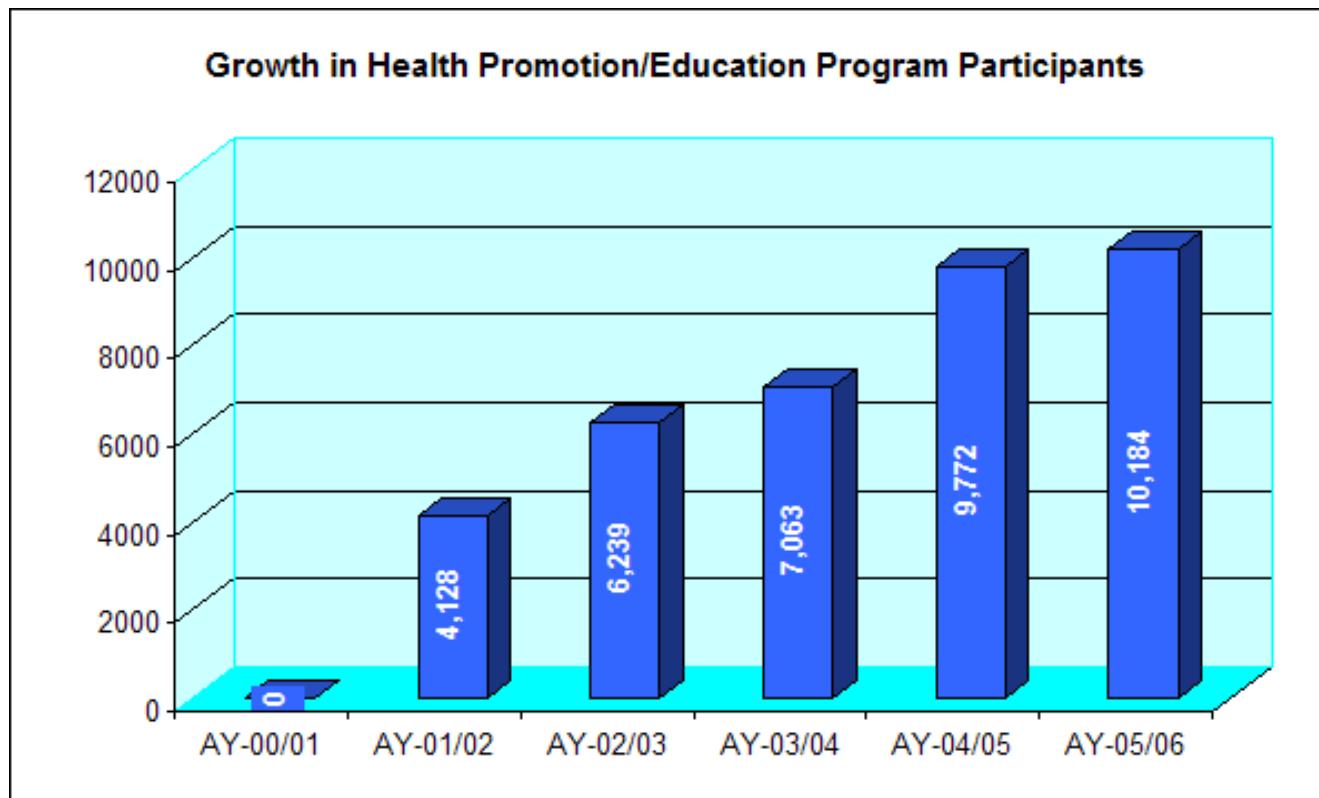
The number of mental health counseling sessions increased by 93%.



What is driving the need to increase the student health fee?

Reason #3 of 5: The demand for services has increased dramatically since the last student health fee increase in AY-00/01 (CONTINUED).

The number of Health & Wellness Promotion program participants has increased by **147%.**

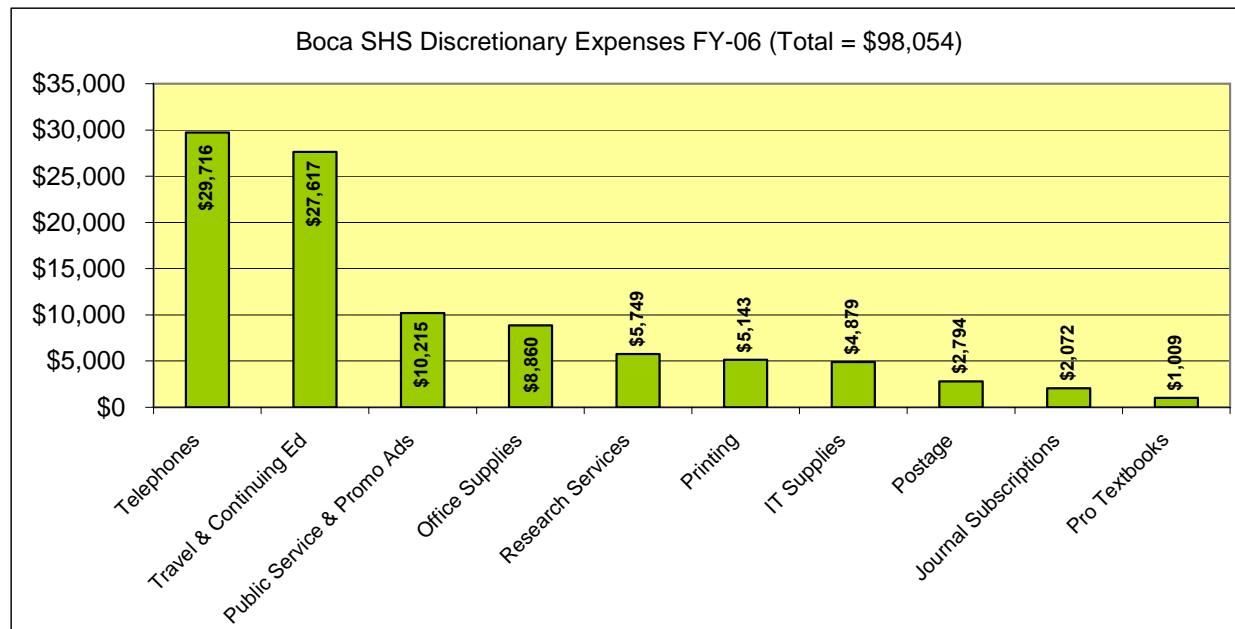


What is driving the need to increase the student health fee?

Reason #4 of 5: There are no other alternatives (four alternatives were examined) which could reduce operating costs or raise additional revenue sufficiently.

Alternative 1 - Decrease Discretionary Operating Expenses at Boca SHS, MacArthur SHS & Counseling Services Where Budget Problems are Most Serious

Even if all “discretionary expenses” were eliminated, less than \$98K could be saved at Boca SHS. In fact, cuts have already been made at Boca SHS (e.g. ↓\$6K in phone service) and further cuts are not very realistic and would be of little significance in reducing the current and projected budget deficits.



What is driving the need to increase the student health fee?

Reason #4 of 5: There are no other viable alternatives (CONTINUED).

Alternative 2 - Increase User Fee Revenue

- To raise enough additional revenue to offset the current and projected budget shortfalls, all user fees at SHS would need to be increased by more than 250%.

Implementing this approach would likely:

- cause the uninsured to go without care
- cause student insurance premiums to rise to unaffordable levels for many students.

However, we couldn't raise the most significant user fees (prescription medication and laboratory tests) because insurance companies dictate what they will pay, not what we request.

- Initiatives to raise additional user fee revenue have been implemented (e.g. *partnering with Athletics by providing prescription medications and mailing prescriptions to students at the partner campuses*).

What is driving the need to increase the student health fee?

Reason #4 of 5: There are no other viable alternatives (CONTINUED).

Alternative 3 - Eliminate Services and Lower Operating Costs

- It is not probable that the **7.02% administrative overhead fee** charged by the University against all expenditures would be eliminated.
- Only a reduction in the largest expenditure (**salaries & benefits, 61% of expenses**) could solve the current/projected budget deficit problems. More than 1/3 of the Boca SHS employees would have to be terminated and MacArthur SHS and Counseling Services would likely lose their full-time employees.
- Access to affordable healthcare on the Boca Raton and MacArthur campuses would be dramatically reduced.
- the most vulnerable students, the uninsured (who use SHS at a proportionally higher rate) would either go without healthcare or obtain services in the local community at a substantially higher cost (e.g. \$5 office visit at SHS versus ~\$95 at a community urgent care center).

What is driving the need to increase the student health fee?

Reason #4 of 5: There are no other viable alternatives.

Alternative 3 - Eliminate Services and Lower Operating Costs (continued)

Students enrolled in the FAU Student Insurance Plan would see their premiums rise dramatically due to inadequate access to affordable care at SHS. Consequently,

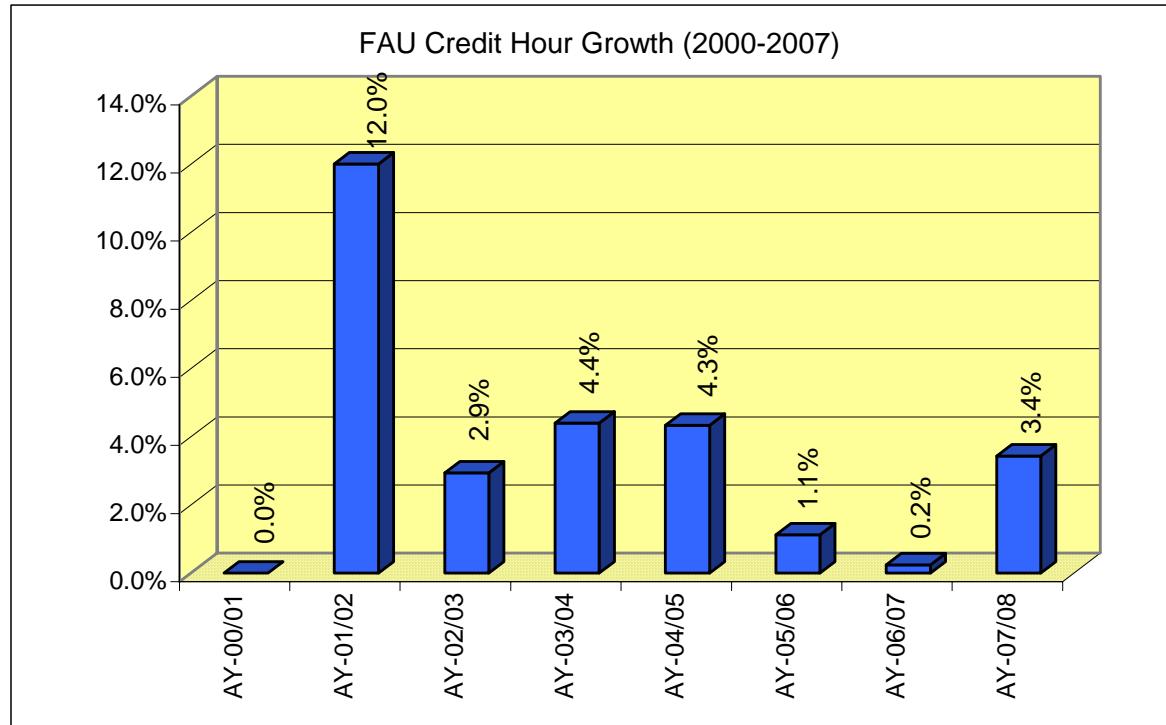
- ▶ **Enrollment of international students may decline.**
- ▶ **Uninsured and underinsured students, both international and domestic, would seek out more of their healthcare in the local community.**
- ▶ **Since the cost of care in the community would be so much greater than at FAU SHS, additional financial hardships for students can be expected as well as a rise in uncollected debts for community medical facilities from students who are unable to pay.**

What is driving the need to increase the student health fee?

Reason #4 of 5: There are no other viable alternatives (CONTINUED).

Alternative 4 – Grow Enrollment to Create Additional Health Fee Revenue

Enrollment would need to grow by 25% next year to raise enough additional revenue at the current health fee rate and avoid the need to increase the fee rate. Enrollment growth projections are far lower than the rate needed.



What is driving the need to increase the student health fee?

Reason #5 of 5: Not only is additional revenue needed to continue services at present levels, there is evidence (both from research surveys and anecdotal) that show additional services are needed, even at current enrollment levels.

- The Davie campus will open a new medical clinic in January 2008 and their expenses will rise.
- There are additional needs for medical and mental health counseling services, especially expensive psychiatric services, on all partner campuses.
- An additional 2,500 campus residential beds are planned over the next 5 years on the Boca Raton campus and 200 more on the MacArthur campus. Our utilization statistics show that campus residents use SHS at 3 times the rate of commuter students. Therefore, an increase in the demand for services can be expected.

What does the typical SHS patient look like and what is the cost for a typical visit?

- **73% are women**
- **37% have no insurance** (compared to 25% of the entire student population)
- **50% of all visits** are for vaccinations, treatment of an upper respiratory tract infections, annual physical exams or contraceptive medication management
- **24% live in a campus resident hall** (compared to approximately 7% of the entire student population)
- The cost for a general medical visit is \$5 + lab tests/medications (if applicable)
- Approximately **20% of all enrolled students** have been treated at a FAU SHS Clinic or by a University contracted medical provider during the academic year. Students using University SHS average 2.3 visits/academic year.

What does the typical Counseling Center client look like and what is the cost for a typical visit?

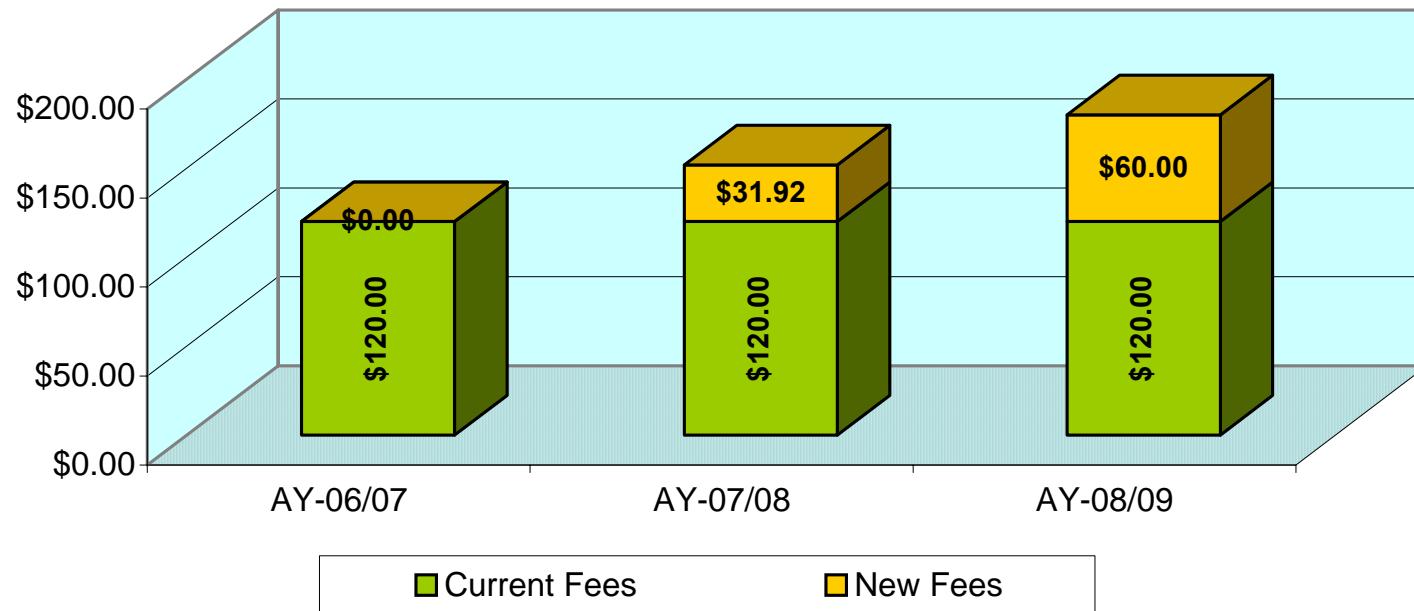
- **51% of all visits are for anxiety, depression and attention deficit disorders.**
- **6% of sessions are for alcohol and substance abuse.**
- **5% of sessions are for Bi-polar**
- **2% of sessions are for schizophrenia**

- There is **NO charge** for a visit.

<u>Client Demographics</u>	<u>Boca</u>	<u>Davie</u>	<u>MacArthur</u>
Women Clients	66%	80%	73%
On-campus Residential Status	60%	0%	71%
# Client Sessions (AY-05/06)	6,893	1,071	413

Financial Impact of the Proposed Fee Increase on Students

Impact of Proposed Fee Increase on Average Full-Time Student (24 credit hours/academic year)



Financial Impact of the Proposed Fee Increase on Partner Campus Gross Revenue

<u>SERVICE</u>	<u>Current</u>	<u>AY-07/08</u>	<u>AY-08/09</u>
Boca Raton SHS	\$1,352,838	\$1,712,692	\$2,029,258
Boca Raton Counseling Center	\$710,818	\$899,895	\$1,066,226
Broward SHS & Counseling Center	\$524,210	\$663,650	\$786,315
MacArthur SHS & Counseling Center	\$168,905	\$213,834	\$253,358
Treasure Coast SHS	\$86,500	\$109,509	\$129,750

How does FAU's health fee compare to other SUS fees?

STATE UNIVERSITY SYSTEM OF FLORIDA Local Fees - Per Credit Hour 12 Hour Equivalent Proposed 2007-2008 Local Fees

	UF	FSU	FAMU	USF	FAU	UWF	UCF	FIU	UNF	FGCU	NCF	Avg
Main Campus Local Fees - per credit hour *												
Activity & Service	\$9.27	\$8.55	\$10.50	\$9.00	\$10.00	\$9.98	\$9.73	\$10.52	\$12.07	\$11.24	\$15.86	\$10.61
Athletic	\$1.90	\$5.98	\$8.90	\$11.35	\$11.75	\$12.82	\$11.88	\$11.05	\$10.68	\$12.54	\$2.42	\$9.21
Changing NCAA Athletic Divisions	\$0.00	\$0.00	\$0.00	\$0.00	\$2.00	\$0.00	\$0.00	\$2.00	\$2.00	\$2.00	\$0.00	\$2.00
Health	\$9.27	\$7.55	\$4.92	\$7.91	\$6.33	\$3.64	\$8.15	\$5.60	\$5.62	\$6.63	\$4.37	\$6.36
Access/Trans	\$5.49	\$6.50	\$4.79	\$2.25	\$5.00	\$1.80	\$7.09	\$5.98	\$6.17	\$7.50	\$3.33	\$5.08
Marshall Center Fee	\$0.00	\$0.00	\$0.00	\$5.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.67
Subtotal	\$25.93	\$28.58	\$29.11	\$36.18	\$35.08	\$28.24	\$36.85	\$35.16	\$36.54	\$39.91	\$25.98	\$32.51
Rank	11	8	7	4	6	9	2	5	3	1	10	
Health Fee Rank = 6												

2006-2007 Local Fees

	UF	FSU	FAMU	USF	FAU	UWF	UCF	FIU	UNF	FGCU	NCF	Avg
Main Campus Local Fees - per credit hour *												
Activity & Service	\$9.24	\$8.55	\$10.50	\$8.66	\$10.00	\$9.98	\$9.37	\$10.52	\$11.73	\$10.94	\$15.10	\$10.42
Athletic	\$1.90	\$5.98	\$8.90	\$10.99	\$11.75	\$12.82	\$11.09	\$10.49	\$10.25	\$10.54	\$2.30	\$8.82
Changing NCAA Athletic Divisions	\$0.00	\$0.00	\$0.00	\$0.00	\$2.00	\$0.00	\$0.00	\$2.00	\$2.00	\$2.00	\$0.00	\$2.00
Health	\$8.78	\$7.55	\$4.92	\$7.27	\$5.00	\$3.64	\$7.95	\$5.60	\$5.62	\$6.03	\$4.16	\$6.05
Access/Trans	\$4.81	\$6.00	\$4.17	\$2.25	\$4.17	\$1.80	\$5.84	\$5.44	\$4.87	\$7.00	\$3.33	\$4.52
Marshall Center Fee	\$0.00	\$0.00	\$0.00	\$5.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.67
Subtotal	\$24.73	\$28.08	\$28.48	\$34.84	\$32.92	\$28.24	\$34.25	\$34.05	\$34.47	\$36.51	\$24.89	\$31.04
Rank	11	9	7	2	6	8	4	5	3	1	10	
Health Fee Rank = 8												

* Most fees are assessed on a per credit hour bases. Some fees are assessed in blocks. For comparison, block fees are adjusted to a 12 hour course load. For example, a \$60 block fee would translate to a \$5.00 per credit hour fee.

How has the FAU Health Fee changed in comparison to other SUS Health Fees & Inflation

University	% Increase AY-00/01 to AY-06/07	CPI* 2000 - 2007
FGCU	252%	
UCF	80%	
NCF	61%	
FIU	53%	
USF	44%	
UF	33%	
FSU	27%	
UWF	21%	
UNF	16%	
FAMU	11%	
FAU	0%	35%

*CPI (Consumer Price Index - Medical/Dental Sector)

Factors which may impact student health in the future

FACTORS	ANTICIPATED IMPACT
<u>Mandatory or Consortium Health Insurance</u> - FSU mandatory for all new students, 2007 - Statewide BOG Task Force	<ul style="list-style-type: none">• The impact upon health fees is unknown.• The enrollment costs for students currently uninsured would rise if insurance becomes mandatory for enrollment.• Enlarging the pool of insured students in a consortium should decrease the cost of insurance premiums.• The # of students filing medical withdrawals associated with financial hardships caused by expensive healthcare should decline.
<u>Increase in Campus Housing</u> - On-campus residential units will rise 125% over the next 5 years	<ul style="list-style-type: none">• Historically, students living on-campus use SHS at a higher rate than commuter students. Therefore, operating costs can be expected to increase with demand.
<u>New Boca Raton Community Hospital (2011)</u> <u>UM-FAU Medical Student Training Program</u>	<ul style="list-style-type: none">• Opportunities for partnerships may be created (e.g. use SHS as a training site for medical students) which may lead to a decrease in Boca Raton SHS operating costs.

FACTORS

ANTICPATED IMPACT

Student Affairs Development Officer

- Potentially, donations could offset healthcare costs to students.

Governor's Task Force on Campus Safety

- Additional revenue may be provided by the State Government to provide additional counseling services and/or crisis management services in wake of the recent Virginia Tech tragedy.

Pandemic Influenza Outbreak Preparation

- Expenses for consumable supplies (e.g. masks, gloves, *antiviral medications and vaccines*) and additional staffing without financial assistance from FAU, the State or Federal Government.

How would the additional revenue be used?

Boca SHS:

AY-07/08

- 80% of the projected budget deficit for FY-07/08 would be eliminated and need to cut current services would be averted

AY-08/09

- eliminate projected budget deficits
- hire a full-time ARNP (\$89K)
- hire a full-time Pharmacy Tech (\$36K)
- replace aging computers & servers

Boca Counseling Center:

AY-07/08

- hire a part-time Psychiatrist (\$78K)
- hire additional counseling specialists & licensed mental health counselors (\$50K each)

AY-08/09

- expand hours for medication management by the part-time ARNP
- hire a full-time alcohol/drug counselor

How would the additional revenue be used?

Broward SHS & Counseling Center:

AY-07/08

- new clinic staff and start-up operating expenses (\$190K)

AY-08/09

- hire additional full-time ARNP (\$89K)
- hire additional full-time mental health counselor
- hire additional full-time support staff

MacArthur SHS & Counseling Center:

AY-07/08

- balance budget deficits

AY-08/09

- hire a part-time Medical Assistant/RN
- hire part-time Health Promotions staff member

Treasure Coast Campus:

AY-07/08

- contract for part-time off-campus licensed mental health counseling services (\$18K and up)

AY-08/09

- expand general medical & counseling services
- expand on-campus health promotion services

All Campuses:

AY-07/08

- contract for after-hours telephone triage service, including behavioral health (\$49K)

AY-08/09

- expand services as indicated by patient satisfaction and NCHA surveys

What will happen if the increase is not approved?

Boca SHS:

<u>Action Needed</u>	<u>Impact</u>
<ul style="list-style-type: none">• terminate 11 OPS positions (1 dentist, 2 physicians, 2 dental hygienists, 4 ARNP, & 2 RN), 2 student employees and 2 graduate student employees	<ul style="list-style-type: none">• net savings of \$355K• discontinue all dental services• discontinue contracted GYN services• number of available medical appointments will decrease
<ul style="list-style-type: none">• discontinue financial support for Today & Beyond Wellness	<ul style="list-style-type: none">• programming cuts will result in >1/2 the number of programs offered/given (~5,000 fewer student participants, saving \$50K)
<ul style="list-style-type: none">• assess need to make further cuts by closing the FAU Pharmacy	<ul style="list-style-type: none">• no discounted medications for students• birth control meds will become unaffordable for many of the uninsured; unwanted pregnancies and medical withdrawals may increase

MacArthur Campus:

<u>Action Needed</u>	<u>Impact</u>
<ul style="list-style-type: none">• reduce medical and/or counseling services	<ul style="list-style-type: none">• students will need to travel to Boca Raton for care, go without care or purchase care at higher cost in the community