University Health Center proposal facts

Managing Risks and Providing Quality Health Care for UNL Students

The purpose of this document is to highlight the consequences of outsourcing UNL's Student Health Center to Bryan Health. It is primarily focused on the transfer and management of risks. Currently, the University has full management of its Student Health Center and thus bears all of the risks associated with a medical care enterprise. The provision of health services is undergoing rapid change with adoption of the Affordable Care Act and the increasing costs of health services. By outsourcing, many of these risks are transferred to Bryan Health. At the same time, by outsourcing to another provider, the University incurs different risks, associated with its loss of absolute control and its interest in providing its student body with high quality medical services. This document highlights the changes in risk that results from this proposal and how the University intends to manage those risks if the proposal is adopted.

Financial Comparisons

All of the detailed financial analysis has been distributed in other formats and will not be repeated here. As a summary and for context, we have analyzed how the Bryan Health financial proposal compares with our current experience without construction of a new building, how it compares to our current experience with the university financing a new building, and how it compares with a university budget adjusted downward to reflect assumed efficiencies in staffing suggested by our comparison to national averages. The following is a general summary of the effect of these different scenarios on this year's mandatory student fees associated with the Health Center.

Expense	UNL Current UHC Operations	UNL Operations + New Building	UNL Operations Less 18% Staff Funding + New Building	Bryan Health Proposal
Operations	$213.24	$213.24	$167.31	$237.96
Building		$107.00	$107.00	Included above
Administrative Fees	$25.13	$25.13	$25.13	$25.13
Total	$238.37	$345.37	$299.44	$263.09
CAPS	59.59	59.59	59.59	59.59
Total UPPF Fee	$297.96	$404.96	$359.03	$322.68

The following table compares the funding between the current Health Center and the Bryan Health proposal.

Service and Payment	UNL Health Center	Bryan Health
Primary Care (free office visits, health education, mental health services)	Mandatory UPPF fee associated with these services. Budget prepared by Student Health and submitted to ASUN who approves before submitting to Board of Regents. FY 2012 revenue (excluding 20% for CAPS) - $4,776,528	Base fee established for services. Base was negotiated and assumes initial staffing and other expenses below current UNL budget. The contract has an original baseline fee, $4,839,485, that is (a) increased July 1 of each year by 95% of the Health Inflation Index of the prior year, (b) an adjustment to the baseline fee that reflects the annual change in enrollment as of the Fall census date, and (c) a University discount of the adjusted baseline fee based on total UNL enrollment per the table below. Base fee - $4,780,611
Specialty Services Fees	Billed to student or student's insurance company at UHC established rates. Insured students pay co-pay driven by insurance policy; lower if health provider a "preferred provider". FY 2012 revenue (including CAPS) - $4,029,008	Billed to student or student's insurance company at B/UHC rates. Insured students pay co-pay driven by insurance policy. Bryan is a preferred provider on variety of insurance plans. Projected revenue: Expected to increase as use increases because Bryan is an in-network provider for more insurance companies. UNL receives 6% of incremental increase in Specialty Service Fees excluding third party contractual discounts, bad debt

		allowance, Medicare/Medicaid revenues, pharmacy and dental revenues.
Health Education Services	Funded by student UPFF fees.	Funded by student UPFF fees. These continuing services are incorporated into Bryan's baseline fee.
Mental Health Services (CAPS)	Provided by CAPS, a unit of the University Health Center	CAPS will continue to be operated as a UNL unit; therefore, is not part of the proposed contract with Bryan.

Risk Comparisons

The PRIMARY RISK incurred by the University through this proposal is relinquishing direct management control over the nature of the health services available to our students and the quality of those services. **Table 1** highlights the provisions that require Bryan Health to provide the same level of service as currently available to students. **Table 2** highlights issues relating to the quality of care. **Table 3** addresses the management of other significant risks. **Table 4** sets out the contractual provisions that allow the University and the Board of Regents to continually monitor Bryan Health to assure it maintains a high level of health care services for our students.

TABLE 1: BRYAN HEALTH TO PROVIDE ALL CURRENT SERVICES

Health Services Offered

UNL Current Services Provided	UNL Health Center	Bryan Health Center
Primary Care/Clinical services	✓	✓
Pharmacy	✓	✓
Laboratory	✓	✓
Radiology	✓	✓
Physical Therapy	✓	✓
Immunizations	✓	✓
Allergy	✓	✓
Travel Clinic	✓	✓
Dental	✓	✓
Specialty Clinic	✓	✓
Dermatology	✓	✓
Gynecology	✓	✓
Neurology	✓	✓
Ophthalmology	✓	✓
Optometry	✓	✓
Orthopedics	✓	✓
Podiatry	✓	✓
Surgery	✓	✓
Family Planning	✓	✓
Birth Control	✓	✓
Health Education and Outreach	✓	✓
After Hours “Nurse Line”	✓	✓
HIV-testing program	✓	✓

TABLE 2: MANAGING QUALITY OF CARE

Risk	UNL Ownership	Bryan Operation
Assuring a high quality of care	Reliance on Director of Health Center. Challenge of hiring to a small, independent health facility. Not a core competency of the campus administration. Market forces minimal with captured clientele.	Comprehensive professional health services provider. More subject to market forces. Local provider with community reputational interest. Interest in reputation among alumni as potential future clients.
Default of provider or change in nature and quality of operation.	Monitoring and evaluating personnel by campus administration.	The University has required a range of contractual provisions for ongoing University monitoring and control of the Bryan operation, including termination provisions.

TABLE 3: MANAGEMENT OR TRANSFER OF OTHER RISKS

Risk	UNL Ownership	Bryan Operation
Maintenance and security of medical records	University has full risk of management and security of medical records, including potential HIPAA Liability.	Bryan assumes responsibility for all medical records on or after the contract commencement date. All medical records created on or before the commencement date will be continue to be the property of UNL. Bryan will also become the custodian of UNL's medical records per the Medical Records Transfer agreement.
Maximizing in-network preferred provider options	UNL is an in-network preferred provider for Healthy Options, UNL's student	Bryan is an in-network preferred provider for Blue Cross/Blue Shield

Risk	UNL Ownership	Bryan Operation
	insurance program and the University's faculty/staff health insurance program only.	of Nebraska, Iowa and Kansas, Coventry, Aetna, United Health Care, Midlands Choice, and others. Students will save on health care costs by having more access to in-network providers. The Affordable Health Care Act permits students to remain on their family health insurance until age 26; thus more in-network preferred provider options will better serve UNL students.
Managing staffing turnover	Operating as a single, stand-alone clinic, UNL has limited ability to flex its staffing since it must staff to be able to respond to peak health care demands.	Bryan has the opportunity to manage staffing to respond to daily needs and to respond quickly to staff turnover via a larger workforce that can be reallocated to the University Health Center.
Negotiating student health and dental insurance contracts	UNL negotiates the medical and dental insurance programs provided by the University to graduate assistants, required of international students and available on a voluntary basis to other students.	Bryan will use its market power to negotiate these agreements when their current terms expire. Bryan and UNL will approve and execute the insurance contracts.
HIPAA Compliance	UNL responsibility	Bryan assumes all liability for compliance with current and future HIPAA regulations.
Compliance with Affordable Health Care Act and other governmental/ regulatory requirements. It seems inevitable this will result in increased regulatory burdens and costs.	UNL responsibility	Shifts compliance to Bryan Health

Risk	UNL Ownership	Bryan Operation
Health Care Malpractice	UNL assumes first-dollar coverage because the University is self-insured.	Bryan assumes responsibility.
Technology Upgrades. May become significant to comply with increased regulatory activity.	UNL responsibility	Bryan assumes all responsibility for all technology upgrades to comply with governmental reporting
Measuring student satisfaction and health center performance	Conducts a student satisfaction survey fall and spring semesters.	Bryan embraces the use of objective Key Performance & Quality Metrics to measure the success of its health care service. Metrics include student health trends, wait times, patient satisfaction, student utilization rate, and immunization rates.
Maximizing cost saving opportunities	UNL participates in a multiple-university pharmacy and medical supply purchasing consortium. As a stand-alone clinic, UHC must maintain accounting/billing/ administrative operations.	Bryan Health is a member of the 2nd largest pharmacy purchasing group in the nation. Bryan Health can achieve economies of scale through efficient use of its staffing resources and consolidating accounting/billing/administrative operations with Bryan's existing operations.
Potential Drug Shortages	UNL risk	Bryan Responsibility
Maintain a Capital Reserve for Building Maintenance	UNL does not annually maintain funds for repair/maintenance of its current building. Rather, funds remaining at the end of each fiscal year are deposited into an operating reserve. Currently the reserve has a 3-month operating reserve, but no designated capital reserve.	After the 3rd year of operations, Bryan will maintain a 3% capital reserve to ensure upkeep and updating the B/UHC Health Center.
Hazardous Waste Management and Disposal	UNL responsibility	Bryan Responsibility

Risk	UNL Ownership	Bryan Operation
Managing/assessing Health Center performance	UNL responsibility.	Bryan Responsibility
Ensuring financial stability	UNL responsibility	Bryan Responsibility
Long term contractual financial commitment	UNL Risk	Bryan Health, parent company to B/UHC will guarantee the performance of the B/UHC in the event of B/UHC's failure under the Agreement.

TABLE 4: UNIVERSITY CONTROLS OVER PROVISION OF STUDENT HEALTH SERVICES

University Controls	Summary
Governing Board	Two UNL appointments on B/UHC Board of Trustees
Inspection	University may inspect the Health Center and B/UHC's records (except for records protected by confidentiality laws) for purposes of determining Agreement compliance.
Annual Report	B/UHC will annually provide the University an independent audit report and a written report on key metrics, including patient's visits, patient wait times, patient satisfaction, access, immunization rates, building upkeep, budget, and health status and trends of the UNL population.
Quarterly meetings of the B/UHC Administrator and University	Established regular meetings between B/UHC and University Administrator to

University Controls	Summary
Administrator	ensure good communication, resolution of issues, and opportunities to promote student health.
Indemnifications	The University will indemnify B/UHC for all defined matters prior to the contract commencement date and for CAPS during the term of the Agreement. B/UHC will indemnify the University for all defined matters on or after the commencement date (excluding CAPS).
Insurance	B/UHC will carry worker compensation, employee liability, general and professional liability, commercial auto liability, insurance requirements, waiver of subrogation, and amounts and a ten million dollar umbrella coverage and fire and extend coverage that meets the University's traditional requirements. There will be mutual indemnifications.
Defaults	Each party has 60 days to cure defaults or longer period so long as the defaulting party commences curing such default within the 60 day period and diligently prosecutes such cure to completion.
Remedies	A non-defaulting party has all remedies at law or in equity, including specific performance; provided that, the University's right to remove B/UHC from the Leased Premises is subject to a "Default Termination Transfer".
Termination - Default Termination Transfer	If B/UHC fails to cure a default, the University may remove B/UHC from the

University Controls	Summary
	Leased Premises and may possess the B/UHC Building and be transferred the full operation of the B/UHC Health Center (including medical services, equipment, furniture, and personnel). The University will be required to pay B/UHC the book value of the Building and improvements (based on straight-line depreciation over a 35-year life), appraised value of the equipment, furniture and personal property. B/UHC employees will revert to the University.
Termination – Rights of Reversion	The University will own the B/UHC Building at the end of the Agreement Term.
Termination – Option to Purchase	At any time during the Agreement, the University will have the option to purchase the B/UHC Center (including medical services, equipment, furniture, and personnel). The University will be required to pay B/UHC the book value of the B/UHC Building and improvements (based on straight-line depreciation over a 35-year life), the appraised value of the equipment, furniture, personal property, business concerns, and a purchase option of $1.5 million. B/UHC employees will revert to the University.
Termination – B/UHC's Option to Sell	In the event there is a negative "Material Adverse Effect" to the B/UHC Health Center, B/UHC will have the option to sell to the University the

University Controls	Summary
	B/UHC Building, equipment, furniture, personal property, business concerns and employees. The term of the sale will be substantially similar to the Option to Purchase; provided that Bryan would carry back a note for the purchase price, payable over a five (5) year period with an interest rate equal to the mid-term rate of the Applicable Federal Rates (currently .087%).