

Office of the President

TO MEMBERS OF HEALTH SERVICES COMMITTEE:

DISCUSSION ITEM

For Meeting of June 14, 2023

SYSTEMWIDE STRATEGIC INVESTMENT PLAN AND UC HEALTH DIVISION FISCAL YEAR 2023-24 BUDGET, OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

Executive Vice President Byington will provide an update on the UC Health strategic investment plan, and the FY23-24 UC Health division budget which was submitted to the Regents at the May 2023 Regents meeting.

BACKGROUND

Initially completed in December 2017, the first UC Health Division Strategic Plan was based upon broad stakeholder input, including Chancellors, health system Chief Executive Officers, Deans of the UC health professions schools, and others with whom the UC Health division partners.

At the May 2022 Regents meeting, UC Health reported that the strategic plan was in its final year, and that the division would be launching a new systemwide strategic investment planning effort in FY22-23. Last summer, UC Health retained Manatt Strategies to support the work of developing the plan. Since that time, the following activities have taken place:

- Manatt conducted one-on-one stakeholder interviews with the President, Regent members of the Health Services Committee, Chancellors at the UC health campuses, Vice Chancellors, and UC Health division direct reports.
- Manatt distributed a survey to the 20 health sciences deans and led four focus group discussions.
- Manatt and Executive Vice President (EVP) Byington briefed the President, Chair and Vice Chair of the Health Services Committee, Council of Chancellors, Vice Chancellors, CEOs and Deans on initial findings and next steps.
- At the direction of the President, Manatt and UC Health formed a Strategic Investment Plan Working Group with chancellors and health executives to review the current challenges facing UC Health and the healthcare industry generally, the health care priorities of the State of California, and several components of the division's portfolio, funding, and operations. The working group developed recommendations for the President's consideration which included:
 - Strategic Systemwide Priorities
 - Strategic Investment Considerations
 - Role of the EVP
 - Communication Channels and Processes

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The outcome of the working group's deliberations and recommended priorities for the next few years is documented in the attached UC Health Strategic Investment Plan. The plan identified four strategic priorities, within which the future direction of several systemwide efforts were discussed.

- Partner with the State to realize access and health improvements
 - Medi-Cal
 - Workforce and education
- Increase access to health care in the Inland Empire and Central Valley
 - UC Riverside education and clinical care delivery
 - UC Merced education and clinical care delivery
- Advance clinical operations and research excellence through advanced analytics and consortia
 - Center for Data Driven Insights and Innovation (CDI2)
 - Cancer Consortium
 - Population and quality health consortia
- Facilitate collaborative initiatives that increase fiscal resilience
 - Integrated commercial payer strategy
 - Medicare Advantage strategy
 - Leveraging Scale for Value

The Strategic Investment Plan report is included in Attachment 1.

The plan is also consistent with the recently updated Office of the President (UCOP) Strategic Framework. The above priorities are specifically aligned with the vision, mission and values of UCOP, and with these strategic objectives in particular:

- Support a prosperous, resilient, and healthy California
- Expand opportunities in learning and research
- Develop and maintain sustainable financial models

During the past year, the UC Health division has continued to deliver progress across the above areas and others in its portfolio. The division recently completed the CY2022 Collaborative Performance Report summarizing the return on investment from collaborative funding. The collaborative report is included in Attachment 2.

The collaborative is one of several sources of funds that make up the UC Health budget. Other sources include the unrestricted campus assessment and other designated or restricted funds. The total UC health budget for FY23-24 is \$33.4 million. The budget has been reduced to reflect the President's decision to move the Self-funded Health Plan function to Systemwide Human Resources effective July 1. This department is funded by the benefits programs it supports, and not by the collaborative. The budget was part of the UCOP budget presentation to the Finance Committee in the May Regents meeting.

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	Campus Assessment	Collaborative	Other Designated	Restricted	TOTAL	UCOP FTE
FY22-23 Approved Budget	\$ 4,083,022	\$24,909,173	\$ 3,710,549	\$ 5,138,038	\$ 37,840,783	88
FY23-24 Proposed Budget						
UCH Department						
Academic Health Sciences	1,725,589	-	1,613,370	1,968,040	\$ 5,306,998	1
Center for Data-Driven Insights & Innovation		7,487,388			\$ 7,487,388	(2)
Clinical Strategy and Operations	767,810	5,487,025	6,000		\$ 6,260,835	(1)
Leveraging Scale for Value		9,405,190			\$ 9,405,190	(2)
Finance & Administration	1,672,160	3,276,820		78,647	\$ 5,027,627	
Health Policy & Regulatory Affairs	222,327	955,583			\$ 1,177,910	1
Self-Funded Health Plans ¹	-	-	-	-	\$ -	(10)
Vacancy Factor	(270,385)	(1,000,000)	-	-	\$ (1,270,385)	
UC HEALTH DIVISION FY23-24 TOTAL	\$ 4,117,502	\$ 25,612,006	\$ 1,619,370	\$ 2,046,686	\$ 33,395,564	75
Variance FY23 to FY24 Budget (\$)	\$ 34,480	\$ 702,833	\$ (2,091,179)	\$ (3,091,352)	\$ (4,445,219)	(13)
Variance FY23 to FY24 Budget (%)	0.8%	2.8%	-56.4%	-60.2%	-11.7%	-14.7%

[Attachment 1: UC Health Strategic Investment Plan](#)

[Attachment 2: CY2022 Collaborative Performance Report](#)