

FUNDS FLOW MODEL

STANFORD UNIVERSITY

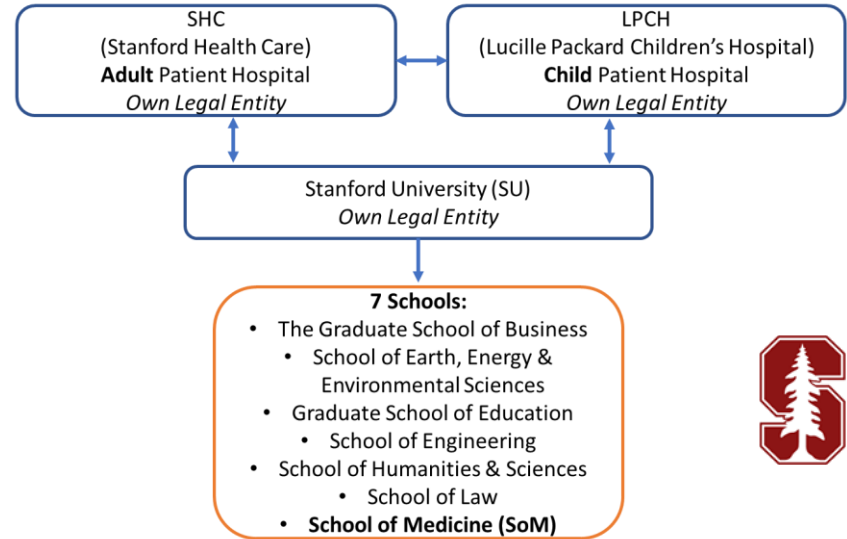
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Stanford Medicine



“**Stanford Medicine**” is collectively made from SU/SoM, LPCH, and SHC. Physicians in the Dept of Pediatrics are hired by Stanford University and granted clinical privileges at LPCH and/or SHC.



Stanford Pediatrics Funds Flow

- FY11 was “Funds Flow 1.0”
- Elements
 - RVU Rate
 - Benefits
 - Overhead
 - Supplement/Margin
 - APPs
 - “Tier 2” Support (GME/medical direction/offsite)



Stanford - RVU Rate

- 3 surveys
 - MGMA, AMGA, & ECG
 - Peds, Community, $n \geq 20$
 - If < 20 , adult survey used
 - If no peds service, average only 2 surveys.
- Rate calculation recently completed for FY23



Stanford - Benefits

- Actual physician benefits paid for salaries charged to clinical account
- ~32% University rate, includes health insurance, retirement, college tuition
- Includes salary support for housing (HAP)



Stanford - Overhead

- The rate is \$ per Clinical FTE
- Based on actual overhead charges on clinical account across School
 - Staff
 - Staff benefits
 - Non-sal expenses like credentialing, computers, office supplies, clinic-related travel, etc.



Stanford - Supplement/Margin

- Clinical profit margin of $\geq 5\%$ expected, for each Department
- Departments budgeted with $< 5\%$ margin get supplement added to RVU payment
- Dept of Peds was a “supplement Department” for the first couple years, no longer



Stanford - APPs

- Changed in FY18 to encourage more independent visits by APPs
- Goal was consistency across Departments and budget neutral

Old practice:

- MD independent visit: 100% RVU
- MD/APP shared visit: 100% RVU
- APP independent visit: 0 - 100% of collections

New practice (eff 2/1/18):

- MD independent visit: 100% RVU
- MD/APP shared visit: 70% RVU
- APP independent visit: 40% RVU, assigned to MD

Stanford - “Tier 2” Support

- Medical Direction
- GME: ~0.25 FTE per fellowship, ~4.5 FTE for residency in DoP
- Hospitalist/Offsite Outreach
 - Offsite locations: CPMC, John Muir, Valley Care, Sequoia, Watsonville, Salinas, Dominican
 - ~80 Hospitalist FTEs
 - ~15 Neonatologist FTEs
 - ~40 Other FTEs in Dept of Pediatrics
- All of the above includes benefits and overhead



Stanford - Funds Flow Odds & Ends

- University Assessment
 - 4.25% on all revenue/transfers into School
 - LPCH pays directly to University
- Academic Grant
 - Paid unless LPCH has loss from operations or < 175 days cash
 - Dean's Office determines use



Where Do the Funds Flow \$ Go?

- First, Funds Flow payments go to pay physician salaries
- Any Excess:
 - Dean's Taxes
 - Recruitment and retention of faculty
 - Indirects on philanthropy
 - Education administration
 - 30% of costs remain after LPCH funding
 - Office space renovations
 - Negative space recovery
 - Research Support
 - R01 Incentive
 - Research grant bridge funding
 - Research Administration
 - Cost Sharing



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