



# **Governor's Office of Budget, Policy & Planning**

## **Legislative Budget Board**

### **Legislative Appropriations Request 2012-2013 Biennium**

**Raymond DuBois, M.D., Ph.D.**  
Provost & Executive Vice President

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Executive Vice President

THE UNIVERSITY OF TEXAS

**MD Anderson  
Cancer Center**

Making Cancer History®

September 28, 2010

# Growth Over 10 Years

## FY 1999 – 2009

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	<u>FY 09</u>	<u>Increase</u> <u>99-09</u>
<b>Total Patients Served</b>	98,491	1.9x
<b>New Patients</b>	32,265	1.8x
<b>Registrants on Therapeutic Clinical Trials</b>	11,179	2.0x
<b>Research Expenditures<sup>1</sup></b>	\$510.3M	3.3x
<b>Trainees</b>	6,358	2.9x
<b>Faculty and Staff (FTEs)</b>	17,142	2.0x
<b>Facilities (GSF)</b>	11,626,806	2.5x

Note 1: As defined by the Texas Higher Education Coordinating Board

# What Are Our Unique Strengths?

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1. We have tremendous expertise because we treat large numbers of cancer patients in care centers where all of the doctors specialize in one type of cancer.
2. We perform the largest number of clinical trials, investigating new therapies.
3. We receive the highest level of peer-reviewed National Cancer Institute funding among all US universities, leveraging our philanthropy and producing outstanding science.
4. Our mission is our culture: eliminating cancer/Making Cancer History<sup>®</sup>.

# MD Anderson Surgery: Highest Quality Care

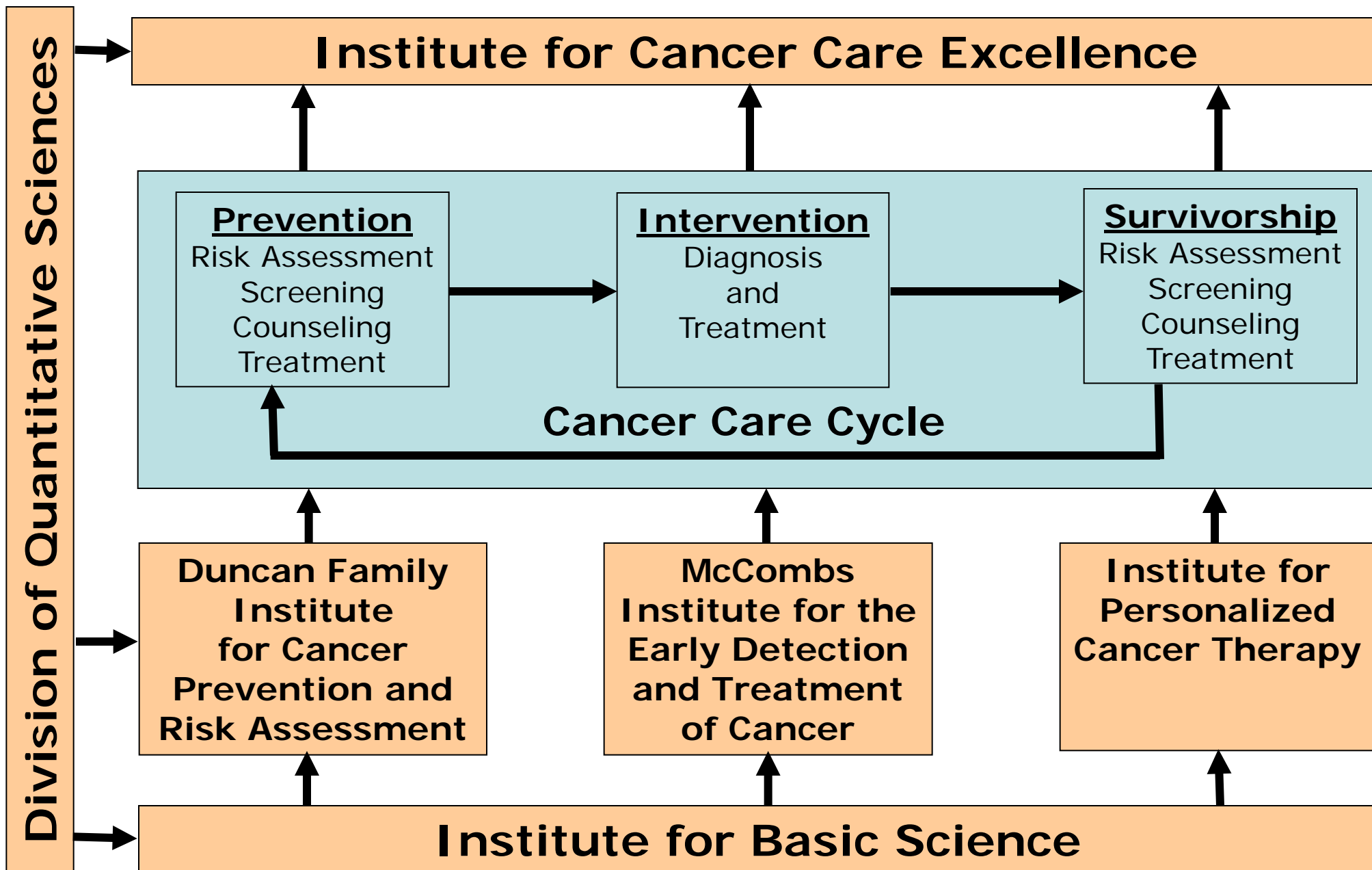
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## Post-surgical Mortality (30 day)

	<u>Low Volume</u>	<u>High Volume</u>	<u>MDACC</u>
<b>Esophagus</b>	<b>15.5%</b>	<b>6.8%</b>	<b>2.1%</b>
<b>Liver</b>	<b>16.8%</b>	<b>7.9%</b>	<b>0.8%</b>
<b>Pancreas</b>	<b>12.8%</b>	<b>3.2%</b>	<b>0.7%</b>

*Birkmeyer et al; Cancer 106:2476, 2006*

# Transforming Cancer Care Through Research



# Research Expenditures\*

## FY 2009

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<b>Federal Grants &amp; Contracts</b>	<b>\$195.6 M</b>
<b>Internal (includes salary support)</b>	<b>\$161.1 M</b>
<b>State General Revenue &amp; Tobacco Settlement</b>	<b>\$ 21.7 M</b>
<b>Philanthropy</b>	<b>\$ 83.1 M</b>
<b>Industry</b>	<b><u>\$ 48.8 M</u></b>
<b>TOTAL</b>	<b>\$510.3 M</b>

\* As reported to the Texas Higher Education Coordinating Board

# Tobacco Funds Initiatives

## FY 2009

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	<u>Total</u>
Epidemiology – Mexican American Cohort and Patient History Database	\$1,584,572
Behavioral Science – Tobacco Outreach Education Program (TOEP) and Clinical Tobacco Cessation	2,118,751
Cancer Prevention	321,851
Carcinogenesis Research Program	600,000
Fund for Innovative Research (special projects)	838,953
Research Equipment	<u>1,821,376</u>
<b>TOTAL</b>	<b>7,285,503</b>

# MD Anderson Educational Trainees FY 2009

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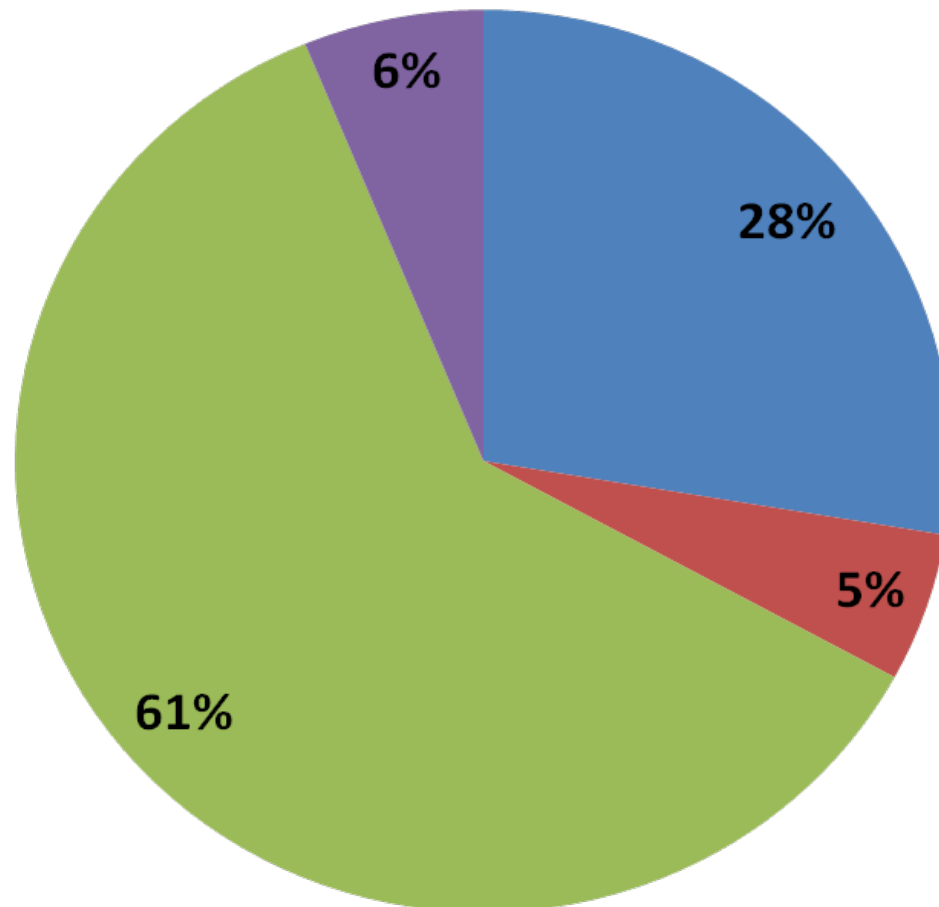
	<u>State Formula Funded</u>	<u>Total</u>
Clinical	127 GME residents	1,124
Research*		1,602
Special Programs		415
Student Programs		914
School of Health Professions	205 Allied Health students	205
Nursing Programs	_____	<u>2,098</u>
	332 students	6,358

\* MD Anderson and UT Health jointly operate The University of Texas Graduate School of Biomedical Sciences at Houston (GSBS); MD Anderson trained 565 GSBS students.

# Payor Mix FY 2009

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- Medicare
- Medicaid & Indigent
- Managed Care & Commercial
- Self Pay, International & Other

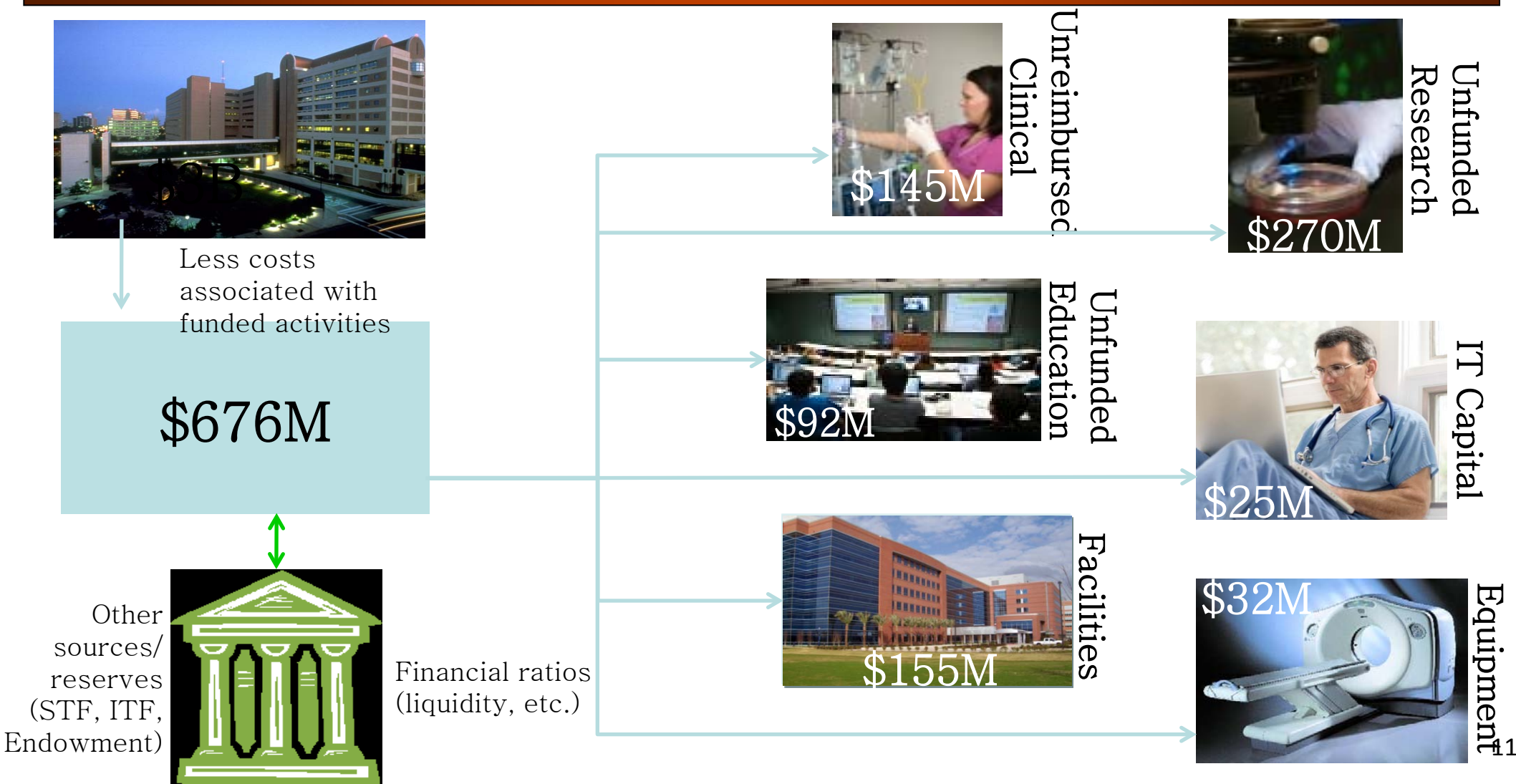


# Health Care Reform Challenges

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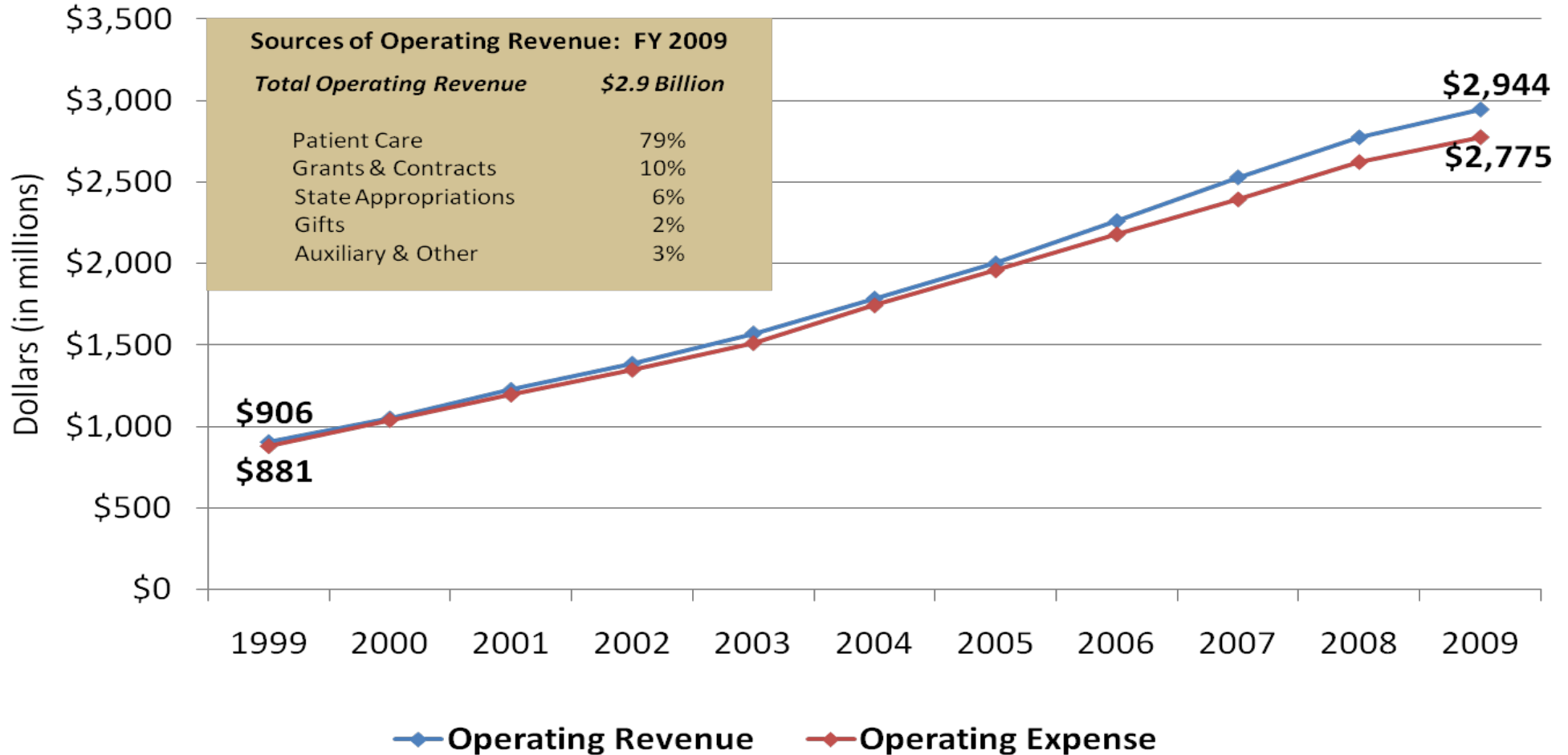
- We will be forced to modify our contracts with major payors over the next few years
- The modifications will result in unfavorable impacts to our bottom line through:
  - Reduced reimbursement rates
  - Pressure to modify utilization patterns
- This event:
  - Is not short-term
  - Will likely require that we change our utilization/practice patterns
  - Will require that we implement more permanent and wide-spread operational changes (cost reductions and increased clinical productivity)
  - Will likely demand that we re-examine many of our existing operational and financial constructs over the long-term

# How Reform May Affect MD Anderson

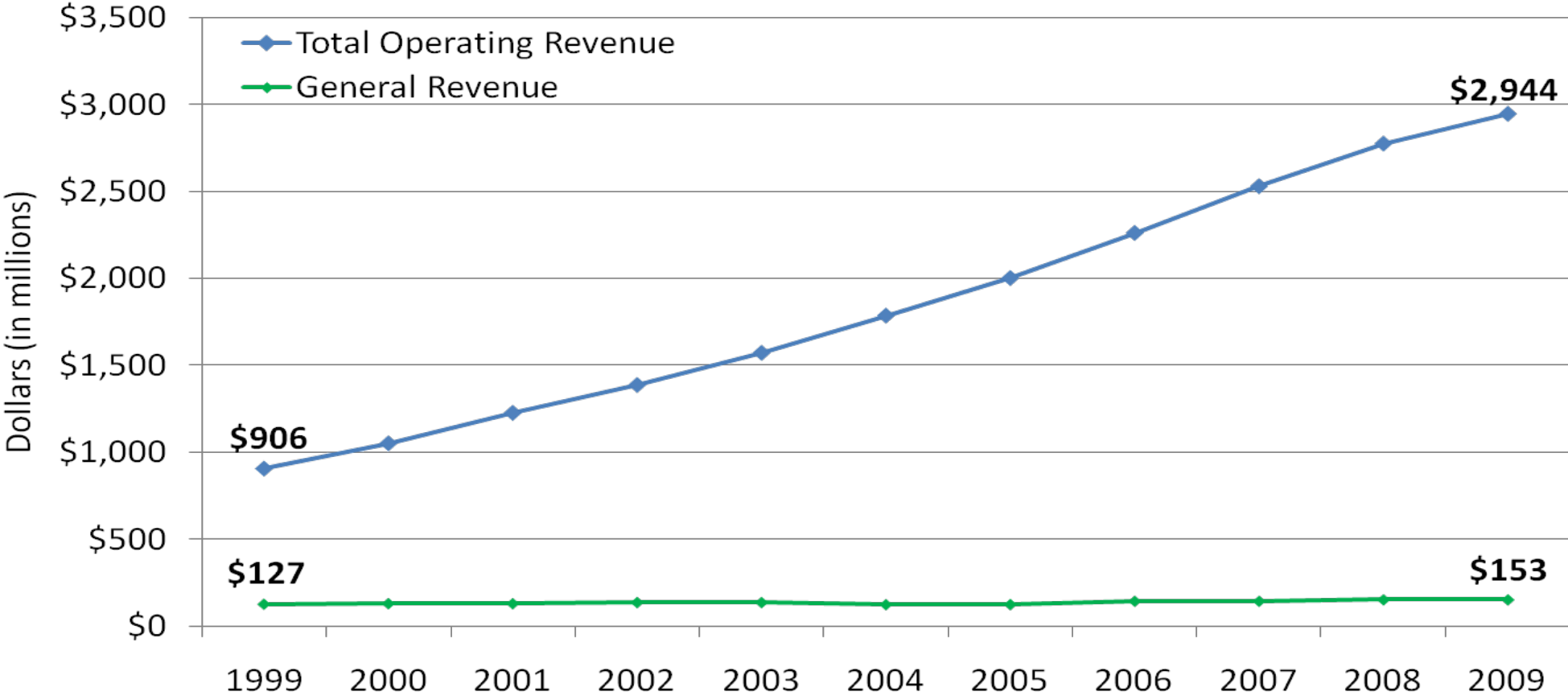


# Operating Revenue & Expense

## FY 1999 – FY 2009



# General Revenue & Total Operating Revenue FY 1999 – FY 2009



*Includes general revenue as per Article III in the Appropriations Act bill pattern for the institution.*

# State General Revenue – FY 2010

## MD Anderson

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- **Formula:**

– Instruction and Operations		
• Instruction	\$ 2.9 M	
• Cancer Center Operations	\$117.7 M	
– Research	\$ 8.7 M	
– Infrastructure	\$ 24.2 M	
– Graduate Medical Education	\$ .8 M	
• <b>Formula Subtotal:</b>		<b>\$154.3 M</b>

- **Non-formula:**

– Research Support	\$ 1.7 M	
– Breast Cancer Research	\$ 2.0 M	
– Institutional Enhancement	\$ .6 M	
– TRB Debt Retirement	\$ 6.3 M	

- **Non-Formula Subtotal:** **\$ 10.6 M**

- **GR Grand Total:** **\$ 164.9 M**

# MD Anderson Operations Formula

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## SB 1 – Cancer Center Operations Formula

- Appropriates GR support for MDACC based on primary mission of patient care
- Driven by Texas Cancer Patients Served, formula appropriates \$235.4 M for the biennium
- Established as Operations subset of Instruction and Operations Formula
- **Formula is capped:** cannot exceed avg. growth in Instruction and Operations formula funding for other health institutions
- Formula methodology approved by the Higher Education Coordinating Board and recognized by Legislative Budget Board

# MD Anderson: 5% Reduction Plan

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## Reduction Plan target of \$15.8 M

- GR budget reductions will be offset by the use of E&G Local Funds that support M. D. Anderson's long-term capital plan.
- The long-term capital plan provides for the construction and renovation of facilities, the acquisition of land and equipment, the acquisition and development of information technology systems, as well as the on-going maintenance of facilities to ensure no deferred maintenance accumulates on existing facilities.
- The proposed 10% would be applied in the same manner.

# MD Anderson

## FY 2012-2013 Funding Priorities

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- **Restore the funding reduction in the following biennium**
  - If additional reductions beyond the 5% are necessary, the impact on higher education should be given full consideration
- **If any additional funding is available, Texas Higher Education Coordinating Board Formula Funding recommendations for health-related institutions should be strongly considered**
  - Retain formula rates at 2010-2011 levels, plus growth
  - Emphasis on infrastructure and research rates

# MD Anderson Exceptional Items

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## Requests:

- DNA/RNA sequencing equipment \$ 7.0 million
  - MRI Training equipment \$ 0.7 million
  - TRB Request: Basic Science Research Building II (\$50 million in bonds) \$ 8.7 million (debt service)
- Biennial Total                    \$16.4 million**

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