



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: Proposed FY 2013 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF MEETING: June 19, 2012

BRIEF EXPLANATION: Pursuant to Section 13-306 of the Education Article, each year the Board of Regents of the University System of Maryland and the Board of Directors of the University of Maryland Medical System Corporation (UMMS) are asked to approve an annual contract between University of Maryland, Baltimore (UMB) and UMMS which states all financial obligations, exchanges of services, and any other agreed relationships between them for the ensuing fiscal year.

At this time, the Board is asked to approve the contract for FY 2013 incorporating the financial information reflected in the attached schedule. The attached schedule of financial obligations compares fiscal years 2011, 2012, and 2013. There is a net increase of \$13,979,722 in UMMS compensation to UMB. The change reflects increases in levels of service provided to UMMS by the Schools of Medicine and Dentistry and a slight decrease in services provided by the School of Pharmacy. The majority of the aggregate increase relates to the School of Medicine, which has secured additional support for critical clinical faculty as well as support for new faculty employed by the School to support clinical initiatives at the University of Maryland Medical Center (UMMC), the UMMS-owned hospital located at UMB.

The proposed contract text will be available for review at the meeting. There have been no material changes in the text of the contract since last year. The contract has been reviewed and approved for form and legal sufficiency by the Office of the Attorney General.

ALTERNATIVE(S): A contract incorporating the information in the attached schedule is recommended by the President of UMB, the Dean of the Medical School, the President of UMMS and the Chancellor. In accordance with Section 13-306, the Committee could postpone action and recommend that the Regents and Directors appoint a joint committee to review the proposed contracts. This is not recommended, as UMB and UMMS have agreed upon the terms.

FISCAL IMPACT: The fiscal impact of the contract is as specified in the attached schedule. The contract results in a net fund transfer from UMMS to UMB of \$106,566,617 in FY 2013.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents authorize the President of UMB to execute the annual contract for FY 2013.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

(turn over)

FY 2011, FY 2012, and FY 2013 UMMS ANNUAL CONTRACTS

<u>Payments to UMB</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>
Administrative Services	\$1,276,705	\$1,276,705	1,280,264
Faculty Services:			
School of Medicine (Including Trauma)	80,967,247	91,292,058	105,180,702*
School of Pharmacy	466,588	718,119	716,009
School of Dentistry	<u>430,767</u>	<u>457,317</u>	<u>546,946</u>
 <u>Payments to UMMS</u>			
Administrative Services			
Space Charges	<u>(1,157,304)</u>	<u>(1,157,304)</u>	<u>(1,157,304)</u>
 NET TO UMB	\$81,984,003	\$92,586,895	\$106,566,617

* For Fiscal Year 2013, \$25,531,930 of this School of Medicine support is designated as seed support. Continuation of that seed support in FY2014 and later years is subject to annual negotiation. The School of Medicine support does not include additional funds UMMS expects to provide to support salaries of physicians who are recruited during the fiscal year to new positions supported by UMMS.