

July 1, 2014 - June 30, 2015 Health System Support

<i>(in thousands)</i>	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	CHILDREN ¹	SYSTEMWIDE
Clinical	\$ 15,912	\$ 47,526	\$ 95,500	\$ 98,259	\$ 65,178	\$ 2,437	\$ 324,812
Education & Research	14,447		15,721	2,042	684		32,894
Community Engagement			1,000	250			1,250
Other	1,964	13,373	17,948	100	7,951		41,336
Total	\$ 32,323	\$ 60,899	\$ 130,170	\$ 100,651	\$ 73,813	\$ 2,437	\$ 400,293

¹ *CHRCO is a discretely presented component unit of the University of California.*

Narrative Explanation

Health System Support payments are internal transfers of funds within the University of California. Payments, which constitute subsidies or payments for which the Medical Centers do not direct and incremental economic benefit, are recorded as health system support in the statements of revenues, expenses and changes in net position. To the extent that payments to the University exceed an arms-length estimated amount relative to the benefit received the Medical Centers, they are recorded as health system support. The source of these funds is hospital operating income, i.e. hospital facility revenues that exceed the cost of operations. It includes amounts paid to the Schools of Medicine by the Medical Centers to fund operating activities, clinical research, the faculty practice plans, as well as other payments for various programs. As illustrated in the table above, the majority of these funds are applied to purposes related to non-facility health care, such as support for patient care activities by faculty physicians that are not reimbursable as hospital services. Another significant category of application is support for Education and Research activity, including but not limited to the medical and allied health professional training programs and research. Below are selected examples that further illustrate the nature of these payments.

Clinical - Areas that relate to clinical, clinical support/staffing/recruiting, delivery of care, physician related programs, etc. Selected examples:

- UC Davis Medical Center supplied \$12.6m to the school of medicine to support their electronic health records system and other related information technology efforts.
- UCLA Medical Center supplied \$18.5m to subsidize physician salaries, \$15.5m to support strategic initiatives for clinical integration and deficit coverage, \$13.3m for non-hospital based clinical support, and the remaining for other related programmatic and staff support.
- UCSF Medical Center supplied to its affiliated medical school faculty practice \$47m towards clinical strategic support activities, such as \$1.7m for pediatric cardiothoracic surgery clinical activity, and \$1.9m for pharmacy support program investment.
- UCSD Medical Center supplied the majority of the clinical support funds to its affiliated medical school departments, such as \$26.5m in the department of medicine, \$12.3m in the cancer center, and \$11.7m in primary care.

Education & Research - Areas that relate to the support of research and education activities. Selected examples:

- UC Davis Medical Center supplied \$4.4m in recruitment funds to support faculty start-ups and clinical research, such as the \$1.2m for the recruitment package of the pediatric chair and the academic and research support positions. Recruitment costs help cover salaries and benefits, moving expenses, and research activities.
- UCLA Medical Center contributed \$10m toward the construction cost of building the Teaching & Learning Center in the School of Medicine and \$3m toward the operations of the Clinical and Translation Science Institute within the School of Medicine.

Community Engagement - Areas that support and benefit public service, local area, community, affiliations, etc. Selected examples:

- UCLA Medical Center provided \$1m to support a community-based orthopedics hospital program for inner city children.
- UCSD Medical Center supplied \$250,000 in funding to a student-run free health care clinic and \$2m to a gala funding matching program.

Other - Support for the university/campus other than the above line items. Selected examples:

- UC Davis Medical Center supplied \$1.3m to the campus for infrastructure that jointly supports telemedicine, distance education, and teleconferencing capabilities.
- UC Irvine Medical Center supplied \$11m in funding to its affiliated medical school in support of general and administrative functions.
- UCLA Medical Center supplied funding to its affiliated medical school faculty practice in support of their electronic medical records system efforts.