COMMITTEE ON PLANNING & BUDGET
MINUTES
JUNE 5, 2025

PRESENT:
Juliann Allison, Society, Environment, & Health Equity, Chair
Bahman Anvari, Bioengineering
David Biggs, History
Richard Debus, Biochemistry
Hyun Hong, Area of Accounting
David Oglesby, Earth & Planetary Sciences
Liz Przybylski, Music
Mark Wolfson, Social Medicine, Population, & Public Health

ABSENT:
Vyjayanthi Chari, Mathematics, Vice Chair
Meng Chen, Botany & Plant Sciences
Steven Helfand, Economics
Anthony Grubesic, School of Public Policy
Cong Liu, Electrical & Computer Engineering

Chair Juliann Allison called the meeting to order at 3:00pm.

The committee voted unanimously to approve the May 13 and May 20 meeting minutes.

MEET WITH SCHOOL OF MEDICINE (SOM) DEAN & CEO OF UCR HEALTH
SOM Dean, Deborah Deas, attended the meeting, along with Dr. Timothy Collins (CEO, UCR Health) and Maria Aldana (SOM Associate Dean/CFAO). The discussion centered on SOM's history, challenges, new/growing direction, and its movement forward in terms of a clinical enterprise.

UCR's medical school was established back in 2013, and 50 students were admitted at that time. Now in 2025, SOM will be graduating its 9th class of students. SOM is excited about this, particularly with some SOM graduates returning to the Inland Empire as physicians. SOM graduates mostly serve in other spaces with affiliates, but SOM has been fortunate to have hired some of its own graduates in a couple of SOM departments on campus and in UCR Health.

When the medical school was established in 2013, SOM got state funding of $15 million. The founding dean was recruited and began to do the preliminary work to get things started for SOM. The founding dean stepped down in 2015, and SOM had an interim dean for about a year. Dean Deas was recruited in 2016. When recruited, Dean Deas asked to see the finances of the medical school. Dean Deas was told then that SOM had about $40 million in carry forward, and the school was solvent.

Once Dean Deas started as SOM Dean, within 3 months, that $40 million in carry forward was about $15 million. She recognized that SOM was in a deficit. SOM didn't have adequate funding. And being someone that doesn't run away from the challenge, Dean Deas digged in with colleagues; and they've tried to figure out how to make this work.

They, however, recognized quickly that they couldn't make it work with $15 million from the state. SOM had very little with respect to philanthropy at the time, maybe around $2 million or less than that. And, they were, and still are, largely dependent on community faculty to help in various spaces.

So, part of Dean Deas' package was hiring more faculty. With the cluster hires, Dean Deas was able to get several faculty lines that she could hire in SOM. She went to the Chancellor and said that they needed to start an advocacy campaign—because at her previous institution in her adolescent substance abuse research area, she had $40 million. Now, she was expected to operate an entire medical school with about $15 million. To Dean Deas, that felt really impossible.

The Chancellor recognized this; and thus UCR enlisted some of the legislature, e.g., Senator Richard Roth, Assemblymember Jose Medina and others. They advocated for SOM. Long story short, in 2021, SOM was given an additional $25 million from the state. That brought SOM up to $40 million, and that money was earmarked to expand the UCR medical school and hire more faculty, as well as stabilize the education program.

Once SOM received the $25 million from the state in 2021, then the campus administration decided that they needed to have an MOU with SOM, because in administration's eyes they supported SOM like they supported all the other Schools as a parent institution. Therefore, administration indicated that SOM needed to give some monies back.

It was going to be an escalated MOU. At first, campus wanted to take $16 million. Dean Deas said SOM can't do that. Then there was a back and forth, and it was settled that about $5.5 million would go to campus, and it would escalate over the years. This year, when the money comes in, campus will take about $9.5 million. Subtract that from the $40 million, and that's what the School has to operate on.

SOM had other challenges. It is a community-based medical school, meaning it doesn't have its own hospital. Therefore, SOM has to depend on its affiliate sites to train its medical students and also the residents. Dean Deas conveyed that SOM has 17 hospital spaces that have to be negotiated with for multiple years. SOM struggled with finding space for its students.

In consultation with the Chancellor, Dean Deas went before the Health Service Committee of the Regents to talk about the challenges of the UCR medical school. The Regents understood that to sustain the UCR medical school for the long course, something would have to be done to be revenue-generating and begin to bring in money. And both UCR and SOM would need a vision for a hospital where SOM could send its students and residents to train. Otherwise, at any given time, if the community affiliates got together and said they were not going to support SOM, ultimately SOM could close overnight. While Dean Deas does not think that the community affiliates would stop their support, to have to operate under those circumstances was just not tenable.

Several years ago, Chancellor Wilcox and Dean Deas began to look at future options, exploring sites that might present possibilities and potential for a hospital. SOM began to meet with the TDA Group on a monthly basis and brough in ECG consultants to perform some projections about what future possibilities might be. There were two CEOs prior to the arrival of Dr. Tim Collins, and they were working on the project as well. Then, Dr. Collins arrived in 2023 and assumed the CEO of UCR Health position. One of the main projects for him was to continue the exploration of future possibilities for a hospital and other medical facilities. The Regents got more deeply involved too, and they put together a committee to look at it from

a residual perspective, i.e., what should be done to sustain SOM. The Regents knew that there would be no hope for UC Merced to have a School of Medicine if UCR's SOM could not be sustained, because UC Merced was modeling its School of Medicine after UCR's. And, UC Merced was looking to not make the same funding-related mistakes that were made with UCR's SOM. SOM did get the state to give $100 million in funding to build the SOM building.

Dean Deas conveyed to CPB that she expounded on SOM's history to begin this meeting because what she has found in her tenure at UCR is that SOM seems almost mystical to others—regarding what SOM has and what SOM does. When there are gaps, people just fill the gaps with whatever—at times, with misinformation. And misinformation just perpetuates. So, anytime Dean Deas can get around a diverse spectrum of faculty from different departments, she likes to tell the story of SOM's history in hopes that faculty will be SOM's ambassadors to clarify some of the misinformation that's out there.

CPB members asked why a $40 million surplus went to deficit so rapidly. Was it a burn rate, or was it just a miscalculation early on? Dean Deas replied that it was due to a miscalculation by the previous administration and the way that they kept the books. Everything went through the dean's office and weren't allocated in the department.

CEO of UCR Health, Dr. Tim Collins, indicated that a goal of UCR Health is to increase health care access for the Inland Empire (IE) community. The IE has the lowest primary care and specialty care ratio to the population in the state of California. The IE also has the lowest number of beds per thousand in the state of California. Both of those statistics are declining every year as the IE's population grows, because the right number of physicians are not being replaced, and nobody is building additional beds. There was a recent article in the Los Angeles Times about a 6-hour waiting time. At Loma Linda for care, one might see extended waiting periods for any type of primary care, or especially specialty services that are available in this marketplace. Essentially, people have to leave this marketplace for care. It's about a 25% ratio of individuals/patients that have to leave this marketplace for orthopedics, oncology, cardiology, and digestive health issues. So that means that patients are having to travel out of this marketplace. Their families are paying the price, and it impacts their ability to work and everything else that goes along with it. So, there is a real crisis in the IE community. That really has not been publicized, and that's part of the reason why a SOM growth plan is critical for this marketplace, as Dean Deas mentioned.

There is an existential threat to SOM as it moves forward, if it does not have the ability to provide education to its students and to retain them in this marketplace. SOM's goal is that when it educates its medical school students, that they stay in this marketplace; and have residencies so that they will remain in this marketplace. And right now, SOM has a declining ratio of its medical school graduates doing such, with only 26% of them staying in this market for residencies. The other roughly 74% of SOM graduates leave this marketplace for their residencies. SOM tries to get them back through scholarships. But a vast number of them leave this marketplace. So, SOM needs to continue to rebuild and build the infrastructure.

SOM also needs to be a bit selfish. It needs to take care of its own. SOM needs to bring services to this marketplace. SOM needs to take care of its UC family. And SOM plans on doing that with the other UCs and bringing services to this marketplace in a care continuum. So, if someone needs to leave this marketplace, it will be coordinated through other UCs, rather than the person having to do it by themself. Within the context of the strategy that SOM has moving forward is to develop and expand its UCR medical group. That allows it to hold the managed care contracts that it needs and provide care to a population. SOM will also develop what it calls a clinically integrated network, which allows it to access providers in

this marketplace, not having to bring in all new physicians. That essentially taps into physicians that already exist, and brings in the managed care contracts that SOM can have access to. SOM will also build a specialty ambulatory center. And then ultimately and eventually, SOM will have some form of academic medical center in the future. That'll allow SOM to provide the much-needed inpatient care for patients and the community.

This week, SOM announced it would partner with TDA. TDA is a financial fiduciary on the part of the unions. They own the Canyon Springs location at the intersection of the 60 and 215 freeways. They have the acreage that SOM is interested in. SOM announced a letter of intent to continue discussions with TDA, to be able to explore options for developing that campus into a health sciences campus for the future. SOM/UCR Health is continuing to develop the clinical network, preparing to be able to launch for managed care in its Blue and Gold program in January of 2026. They are embarking upon a planning process associated with the growth in this marketplace.

CPB members asked about the timeline for faculty and staff to have UCR Health Plan as an option. Dr. Collins conveyed that UCR Health anticipates that they will be cycled up for a January 1 (2026) go-live, which will allow UCR's employees to make decisions around enrollment. UCR Health will start publicizing it in October. They are going through the approval process with HealthNet right now behind the scenes; and have 23 high-quality providers that will be part of the clinical network. These providers have already agreed to come on board. UCR Health will have additional managed care payers—Aetna, Anthem, Cigna, and UnitedHealthcare that will come online as well. Also, UCR Health is using the backbone of UCSD as a partner around claims processing and everything else, rather than having to build it themselves. UCR Health can tap into UCSD's resources, their management services organization or MSO as it is called, to be able to support UCR Health's go-live.

Another thing that UCR Health is still exploring is working with the Student Health Center, so there is a clinic on campus for UCR employees as well. So, if there's something that's needed during the day, and an employee needs to see a provider, there is a clinic. UCR Health Does not want to over-promise and under-deliver, but their goal is to have it come online at the same point in time that they go live with the Blue and Gold products.

CPB members asked how this will all be financed, particularly at a time when there are looming budget cuts and new directions/initiatives adversely impacting finances. Dr. Collins conveyed that UCR Health is planning in advance for this growth. They will separate the financial structures so that they can identify revenue, money coming in the door, expenses going out, and bonds that will be issued by UC. There will be a revenue stream associated with the hospital and ambulatory center. Debt will be assumed at the UC-level most likely through bonds and then will be paid back with a separate revenue stream, not associated with SOM. That's how the flow of funds will be kept separate, because the last thing desired is to encumber SOM. It is not a go-it-alone strategy. SOM will absolutely be clinical partners. They'll be the providers; they'll be integrated into the strategy overall. This is purely a funds flow mechanism to track, categorize and make sure UCR Health has the debt service coverage associated with the debt that needs to remain separate. That's why a separate set of financials is needed to be able to model that.

Looking to the future, Dean Deas stressed that it is important to think about the other five medical centers in the UC system that are aligned with medical schools (UC Davis, UC Irvine, UCLA, UCSD, and UCSF). Those centers actually fund a significant amount of their respective campus expenses. For any of those hospitals and clinical systems, there is a funds flow to the Chancellor of millions and millions, up to 200 or more

million a year. Thus, this is an opportunity for UCR as a whole (the entire campus) and SOM, as well as the IE community.

Dr. Collins added that another thing to consider is research. SOM foregoes a tremendous amount of research because it doesn't have the facilities that research organizations are looking for. UCR's own medical center will spur and support the research component that it's been trying to build for years around the clinical services and bring more research dollars to the IE marketplace as well. Dr. Collins views SOM as currently not getting that research revenue stream that will support in many ways downstream or cascading revenue to the School.

The meeting was called to a close at 3:50pm.