UNIVERSITY OF ROCHESTER MEDICAL CENTER

**OPERATING BUDGET PROCESS FOR THE**

**MEDICAL FACULTY GROUP**

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| **FISCAL YEAR 2024/2025** |

 **URMC Principles**

This year’s Operating Budget will continue the focus on developing an Integrated Budget that spans all URMC divisions. Collectively the Medical Center needs to generate an operating margin sufficient to maintain the preeminence of patient care delivery and experience, support our academic missions and fund our strategic investments and capital. As you develop your FY25 Budget keep the following principles in mind:

* Be strategic thinkers and good stewards of the organization’s resources. Keep in mind that divisional decisions/actions impact the system. Make decisions that benefit URMC.
* Search for opportunities to continuously improve productivity and cost efficiencies (BIPS).
* Review those expense drivers/levers that are adjusted based on volume. We need to be prepared to adjust expense budgets quickly as volumes may change given our current environment.

**URMFG Operating Guidelines**

In conjunction with the overall URMC Principles, the URMFG Operating Budget should be developed incorporating the following guidelines:

**FY24 Projection**

* Currently loaded in Axiom is your YTD November actuals. Please do your best to complete your projected activity (revenues and expenses) for the remainder of the year. The system will automatically create a straight-line projection but that is not always realistic. Take the time to review each RC and SC. Remember the projection carries forward to create your preliminary FY25 budget.

**FY25 Budget**

* Keep in mind as you begin your FY25 Budget that you will be required to explain the changes in budgeted amounts versus your FY24 Projection.

* Do not build a conservative budget, build a realistic target. However, if operating results allow, consider budgeting a contingency fund in a separate spend category (designated by Finance).
* Faculty salary increases need to be focused on alignment, growth and retention. The Director of Compensation will be meeting with each department to review faculty salaries.
* Maintain or improve Staffing Ratios from FY24 to FY25**. New staff hires are to be included in BIPs** and filling staff vacancies requires justification which will be reviewed by your liaison and, as necessary, Finance Leadership.

**URMFG Expected Deliverables**

After departments have prepared their budgets following the above guidelines, URMFG Finance will review submissions and schedule meetings with Administrators to review details. In the months of March and April, Medical Center Budget/JOC meetings will be conducted with representatives from all Divisions. For URMFG, be prepared to discuss and review the below. Ultimately the data that will be brought to the JOC will be a consolidated package of MFG and SMH activity, but it is important that we understand the changes in each division.

1). Roll forward the Department’s Gain/Loss from Operations from FY24 Projection to the FY25 Budget. This should include explanations of significant changes.

***An example of one of the roll-forwards is below:***



2). Present the Financial Dashboard Report (Profit and Loss) for your department. Be prepared to speak to key ratio statistics.

* Staff/Faculty FTE
* Faculty Salary/wRVU
* Staff Salary/wRVU
* Other Expenses/wRVU

**Getting Started**

**UR Budget System**

If you are new to the system, there are Quick Reference Cards on the **UR Budget website under training.** <https://www.rochester.edu/adminfinance/urbudget/urbudget-logon/>

These are fairly old, but will still assist you in learning how to navigate through all the screens and will provide specific instructions. There are also FAQs listed on the site to assist you.

**Instructions and Reference Material are under Resources/Tools on the UR Budget website**

* Provider Model Instructions
* Provider Model Checklist
* MFG FY25 Recommended FAC Usage (Ledger and Revenue/Spend Category Directives)
* MFG Expense Credit template
* Replacement Provider Request Form

**SPECIFIC DIRECTIVES**

**CONSISTENT USE OF REVENUE/SPEND CATEGORIES**

Please pay close attention to where your activity is being charged today and utilize the “MFG FY25 Recommended FAC Usage,” to assist in proper FAC (Revenue and Spend Category) use.

**FY24 YEAR END PROJECTIONS**Complete your FY24 year-end projections on-line by FAO following the guidelines above. Patient Care Revenue projections will be fed from the provider model. For remaining FAC’s, the system will allow you to modify the uploaded straight line projection.

**NEW FACULTY RECRUITMENTS**

If you have planned faculty recruitments for FY25 and are confident of the hires, include the positions in your FY25 Budget within the BIP component of Axiom. In this case include the associated incremental cases in the applicable provider file. For straight replacements of current or expected provider vacancies, please complete the Replacement Provider Request form and send to your Finance Liaison.

**REVENUE BUDGETS**

NPSR revenue is calculated in the Provider Model based on the wRVUs/ASA units you input. This revenue is carried forward into the FAO plan files.

**NON-CLAIM BASED REVENUE BUDGETS**

* **CONTRACT REVENUE**
* A spreadsheet will be emailed to you (based on YTD December) to assist in budgeting your contract revenue. Please include any planned new PSA contracts and adjust for any contracts that are ending or being revised. Please include narrative so we understand the changes. Contract revenue should be budgeted in (RC13450).

**PATIENT CARE TRANSFERS**
	+ Patient Care transfers related to hospital-based conversions will be input by **URMFG Finance** (FY24 projection and FY25 budget)
	+ For other transfers done in this revenue category (RC11900) departments will need to input the projection and budget.
* **EXCELLUS ADD ON (PATIENT CARE INCENTIVE)**
	+ Excellus add on will be input by **URMFG Finance** (FY24 projection and FY25 budget)

**SALARY AND BENEFIT BUDGETS**

Budgeted Salary and Benefits will be derived based on the current staff charged to the FAO, added vacancies, overtime, and any adjustments made for hours or pay distribution projected for the fiscal year.

* **Wage and Salary calculations**

This year the wage and salary amount will be automatically calculated. Currently the Medical Center Program has not yet been announced. When the W&S % increase is approved, the drivers will be updated automatically in Axiom.

Any minimum wage, compression, and equity adjustments as of December are reflected in the current rates loaded on the labor tab.

For faculty and APPs, salaries are budgeted in the provider model. **(Please refer to the Provider Model Instructions.)**

Make sure you agree/reconcile the Faculty and APP positions and salary dollars being allocated to the FAO from the Provider Model. If not, reach out to the Provider Group Administrator to review and discuss. Changes can be made to Faculty and APP allocations until the system closes, make sure to check these allocations in the Labor tab throughout the budget process.

For staff, please pay close attention to how you add positions to the system.



If you are adding someone to the system that is currently an employee (maybe you are adding them to a different FAO), then previously, select INSERT CURRENT EMPLOYEE. If you are adding a new position, select, INSERT NEW POSITION, once you select that, you will be prompted as such:



**Under POSITION TYPE, the drop down will give you two options: VACANT or INCREMENTAL.**

**CHOOSE VACANT if the position is already in your Authorized complement, choose INCREMENTAL if it is a new position already approved by Senior Leadership/JOC review. Do not input any incremental positions unless they have already been approved.**

* **Faculty Extra Compensation (SC57500)**

Faculty extra compensation is not budgeted in the provider model. This can be budgeted at the FAO level in the FAO plan file. **Please be sure to add applicable benefits using the FY25 actual average benefit rate for your department (they are not automatically calculated.) Add to staff benefits lump sum. Please prepare a separate schedule of the Extra Compensation by faculty or APP. If you need assistance with this calculation contact your finance liaison.**

**NON-SALARY BUDGETS**

* **Supplies -** Your non-salary supply budget must be based on the current year expenses modified for changes in volume. Once volume has been incorporated, an inflation increase of 3% will automatically be added for medical supplies, and pharmaceuticals. If you would like to deviate from this based on department specific pricing, please contact URMFG Finance.
* **Malpractice –** Malpractice expenditures that are charged to your FAO by SMH must be budgeted in spend category**: Interdepartmental Transfers Professional Liability Premiums (SC47900)** and should always be budgeted in a URMFG FAO.
* For calculating the Malpractice Projection for FY24 the planned increase in January of 2024 is minimal so straight lining off of November is fine. (although tweak if needed for new faculty joining mid-year)
* For FY2025 the system has a driver that will automatically increase malpractice for the expected premium increase in FY25. You only need to add malpractice expenditures for replacement faculty. It is assumed for new faculty the malpractice is included in the BIP.
* **Outside Temporary Services** – Given the importance of tracking our Outside Temporary Services Costs please use spend category (SC47500) for consistency.
* **Capital** –URMFG Finance will review your submitted capital through the capital budget process, and if approved will calculate the useful lives and associated depreciation. The amounts will be emailed to you to add to your budget. Capital depreciation should be budgeted in spend category: **Ledger: Depreciation 64000, spend categories will vary dependent upon the item. We will instruct you when we send the amounts.**
	+ **NEW: The threshold for allowable capital was changed this year to be items $5,000 or greater. Please remember to include items below $5,000 such as computers, etc. that you may have previously included in your capital budget submission.**

**ASSESSMENTS**

**The 8.1%, and 3.5% assessments will be automatically calculated in Axiom based on total revenue. Do not adjust. An analysis is underway to assess if these are the correct assessments based on expenses. If an adjustment is needed, this will be adjusted centrally by MFG Finance.**

* **Department Assessments** **–** If you are charging a department assessment that is the movement of expenses from one Company 91 FAO to another Company 91 FAO use: **Interdepartmental Transfers Department Assessment (SC54400)**
* **Billing Assessments** – The 3.5% billing assessment charged by the Medical Faculty Group Business Office must be budgeted in spend category: **Interdepartmental Transfers CBO Billing Charges**
**(SC55350).** As mentioned above this will be automatically calculated based on 3.5% of total NPSR revenue.
* **Divisional Assessments** **–**The 8.1% URMFG Divisional Assessment must be budgeted in spend category: **Interdepartmental Transfers Company Assessment (SC54325)**. As mentioned above this will be automatically calculated based on 8.1% of total revenue.
* **Internal Rent** – Rent paid to the Medical School or Hospital must be budgeted in
* SMH Rent Interdepartmental Transfers Internal Rent (SC54550)
* SMD Rent Interdepartmental Transfers Faculty Rent (SC54500)
* **A 3% increase will be automatically added within Axiom.**
* **External Rent** – Rent paid to a landlord other than SMH or SMD should be budgeted in:
* **Leased Building (SC71008)**
* **A 3% increase in external rental expense will be automatically added within Axiom.**.

 **OTHER DIRECTIVES**

* **Contingency Funds.** If your budget allows, departments may consider building in a contingency fund as long as all directives are met. This should be budgeted in: **Budget Expense Contingency (SC53825)**
* **Funds Flow Transfers:** **Transfers Clinical Support (SC53000)**A transfer will automatically populate based on your revenue less expenses, resulting in a zero balance in your FAO.
* **Monthly Budget Spread –**Budget spreads are prepopulated in Axiom based on spread methodologies. These methodologies can be adjusted by using the dropdown function in the spread column. Choices include: Prior year activity, Even 12, Work days, Calendar days, Even 9 Sept-May, Patients Days, and Dependent Tuition.

**COMPLETION AND SUBMISSION OF BUDGETS**

Review your budgets to insure you have followed all policies and guidelines outlined in this document. Email the following reports to your financial liaison **by March 8th**

* Expense Credit Analysis
* Contract Revenue Analysis
* Provider Model Checklist
* Roll Forward for FY24 Projection to FY25 Budget

**The budget system will close March 8th.**

 If you have any questions regarding these instructions contact:

**Name Assigned Departments to assist**

Valerie Arsenault (Valerie\_Arsenault@urmc.rochester.edu) Oto, Ophth, Imaging
Lisa Clarke (lisa\_clarke@urmc.rochester.edu) Med, Card, Ortho, OBGYN

Kris Wood (kris\_wood@ urmc.rochester.edu) Surg, Peds, NS, Derm. Urology

Jason Kirkey (Jason\_kirkey@urmc.rochester.edu) Anes, PMR, Psych, PC, Path

Maureen Gates (Maureen\_gates@urmc.rochester.edu) ED, URMFG Admin areas