

An Evaluation:

Medical Education, Research, and Public Health Grants

Medical College of Wisconsin

*UW School of Medicine
and Public Health*

May 2010

Report Highlights ■

Endowments were established at each of Wisconsin's two medical schools when Blue Cross Blue Shield became a for-profit corporation.

Under the terms of a March 2000 order issued by the Office of the Commissioner of Insurance, Blue Cross Blue Shield United of Wisconsin converted from a not-for-profit hospital service insurance corporation to a for-profit, publicly held stock insurance corporation and provided \$630.4 million to endowments held by the Medical College of Wisconsin and the University of Wisconsin (UW) School of Medicine and Public Health. The order specified that 65.0 percent of funds be used for medical education and research and 35.0 percent be spent for public health initiatives.

The schools were ordered to use 65.0 percent of the funds for medical education and research, and 35.0 percent for public health projects.

The Commissioner's order required that each school obtain a program evaluation every five years. At the request of the Commissioner and both schools, we conducted the first of these evaluations by analyzing:

- provisions of the Commissioner's order;
- oversight of the programs by the Wisconsin United for Health Foundation and the Commissioner of Insurance;
- each school's process for awarding grants;
- the adequacy and effectiveness of the schools' efforts to monitor and oversee grantees;
- the extent to which grantees achieved their objectives; and
- policy issues related to the use of funds in the programs' first years.

Both schools generally complied with requirements for awarding and monitoring their grant funding.

Guidance from the Commissioner of Insurance

We conducted the same analyses for both schools, but we did not directly

could help clarify certain policy issues.

compare their performance because they established separate programs with their own planning and governance systems.

Program Establishment and Oversight

Wisconsin United for Health Foundation was established by order of the Commissioner of Insurance to receive the proceeds of the conversion and distribute the funds to the two medical schools after reviewing and approving each school's spending plans. Reviews and approvals occurred in March 2004.

Key Facts and Findings

The Foundation had formal oversight and enforcement authority during the implementation period. Currently, it serves as a forum for public information and comment.

Wisconsin's two medical schools received \$630.4 million to support medical education, research, and public health.

At each school, a committee of senior administrators or faculty oversees the medical education and research funds, while an oversight and advisory committee composed of health care advocates, community leaders, school representatives, and an appointee of the Commissioner of Insurance oversees the public health funds.

Expenditures through December 31, 2008, totaled \$76.2 million.

Endowment Balances and Expenditures

The schools' endowments conserve most of their principal and use investment income to fund projects. Endowment balances increased from 2004 through 2007 but decreased in 2008 because of the economic downturn. They regained some value in 2009.

From 2004 through 2008, grant funding was awarded to 396 projects.

At the end of 2009, the Medical College had an endowment balance of \$340.1 million, while the UW School of Medicine and Public Health had an endowment balance of \$325.1 million.

Of the 80 projects we reviewed, 46 achieved all or most of their objectives.

From program inception through December 31, 2008, the Medical College spent \$32.1 million, while the UW School of Medicine and Public Health spent \$44.1 million.

A prohibition on supplanting is not clearly defined in the Commissioner's order.

Expenditures Through December 31, 2008 (in millions)

	<u>Medical College</u>	<u>UW</u>
Medical Education and Research Grants	\$17.4	\$26.7
Public Health Grants	11.6	14.5
Program Administration	3.1	2.9
Total	\$32.1	\$44.1

Grant Application and Awards

From 2004 through 2008, 396 projects were awarded grant funding. We reviewed a diverse sample of 20 medical education and research projects and 20 public health projects funded by each school. Results are summarized in a separate document ([report 10-7](#)).

In our review of the application and award procedures, we found that most applications included the required materials. However, the proposed objectives for 14 of the 80 grants we reviewed were unclear or appeared to be overly ambitious.

For example:

- one Medical College project that was awarded \$242,600 had two broad goals—providing mental health educational services to providers and to consumers—but the grant application did not cite more specific objectives for the services to be provided; and
- a UW project was awarded \$450,000 to fund implementation of a home visitation program for low-income families, but the grant application did not detail the types of activities and services to be provided.

Improving the schools' application review procedures could help to ensure that program funds are awarded to applicants whose objectives are clear and realistic.

Monitoring and Oversight

Both schools oversee their grants primarily by requiring grantees to submit periodic progress reports. We identified 6 instances in which the submitted reports did not include sufficient information to determine their progress and 18 instances in which grantees modified their projects' objectives or activities, typically without formal approval or acknowledgment by the schools.

For example, one UW project that was awarded \$299,800 collected information instead of creating a new electronic database of student health information, and a Medical College project that was awarded \$50,000 intends to conduct case studies of a sample of participating companies instead of a comprehensive evaluation of those companies' wellness programs.

Achieving Project Outcomes

We analyzed the activities of the 80 projects we selected for review to determine whether grantees had achieved the objectives included in their original grant proposals.

We found that 46 of the 80 grants achieved all or most of their objectives or appear likely to do so by the end of their grant periods.

For example:

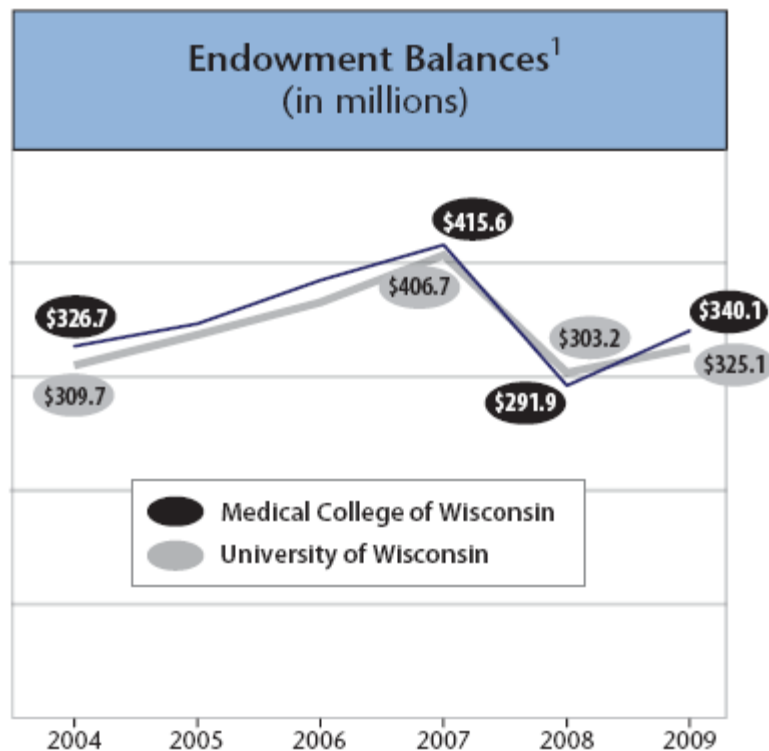
- one Medical College education project that was awarded \$105,000 achieved all of its objectives related to developing and promoting a consumer Web site with information on how to find quality health care information on the Internet; and
- a UW public health project that was awarded \$49,700 achieved all of its objectives and trained 270 teachers and child care providers to plan and maintain vegetable gardens, resulting in the establishment of 68 new gardens that served 1,100 children statewide.

However, 5 of the 80 projects we reviewed either met few of their objectives or are at risk of not meeting them, including:

- a \$450,000 Medical College public health project to address the prevention and reduction of obesity that did not develop a community action plan, conduct any of its proposed evaluations, or report on most of its objectives; and
- a \$25,000 UW public health planning project that did not complete its primary goal of developing a strategic plan for an organization of family caregivers, nor did it apply for grants to continue support of the organization.

Future Considerations

Both schools have carefully monitored their endowment balances.



¹ As of December 31 each year.

As the values of their endowments declined, both schools reduced funding

for existing grants and the number of grants they awarded in 2008. However, continued monitoring of endowment balances will be important, as will monitoring of the schools' conflict-of-interest policies.

We reviewed conflict-of-interest policies for each school's oversight and advisory committee. The policies in place at the time of our review did not clearly require committee members to abstain from voting on projects proposed by organizations that employed them or with which they had other financial relationships. The policies also did not require oversight and advisory committee members to absent themselves during deliberations on proposals by these organizations.

We also identified several policy issues for which the March 2000 order by the Commissioner of Insurance offered limited guidance. These issues could be addressed by the Commissioner in cooperation with the Foundation and the two schools:

- clarifying the allowable uses of medical education and research funds;
- redefining the supplanting prohibition and its requirements for grant applicants;
- determining the degree to which medical education and research funds should be competitively allocated; and
- determining the appropriate level of public health funding the schools may expend directly.

Recommendations

Our report includes recommendations for the Medical College of Wisconsin and the University of Wisconsin School of Medicine and Public Health to:

- ensure that project proposals include clear objectives before funds are awarded (*pp. 24, 38, 61, and 72*);
- improve project monitoring, including clarifying when grantees must notify program staff of modifications to project objectives (*pp. 27, 40, and 75*);
- ensure that grant applicants disclose all external funding on their supplanting forms (*pp. 50 and 83*); and
- clarify conflict-of-interest policies (*p. 88*).

In addition, we recommend that:

- the Medical College of Wisconsin include its unallowable cost policy in the guidelines for medical education and research grants (*p. 21*); and
- the Commissioner of Insurance work with the Foundation and both medical schools to clarify several policy issues in order to ensure that funds are spent in a manner that is consistent with the intent of the order (*p. 93*).

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