

UBC FACULTY OF MEDICINE CASE STUDY

The University of British Columbia (UBC) Faculty of Medicine is the only medical school in British Columbia, and as such, it is the main provider of health care professionals in the province. The Faculty has 677 full time faculty and 6,059 clinical faculty, and 1,146 MD undergraduate students as well as 1,169 postgraduate medical graduates.

It also provides degree programs in the Health Professions and in its School of Population and Public Health. In early 2015, with the inflationary impact of expenses significantly outpacing revenue growth, the Faculty was facing a forecasted deficit for the coming fiscal years.

BACKGROUND & CONTEXT

In the context of the internal and external pressures associated with the financial challenge, the Faculty of Medicine needed to take action beyond ongoing cost control measures, and decided to introduce Program Budgeting and Marginal Analysis (PBMA) to assist in the development of a plan to correct the situation for fiscal 2016/17.

PBMA is an approach to priority setting that enables decision makers to assess options for change in a transparent and rigorous manner, and come up with an explicit plan for resource allocation.

The operating budget of the Faculty (excluding research and post graduate medical education) is about \$220 million a year and the current deficit is around \$8 million. The objectives of the priority setting process were first, to come up with changes that would reduce the forecasted deficit for 2016/17 by half and second, to strategically allocate the new funding expected in that fiscal year.

GOVERNANCE & LEADERSHIP

The governance structure for the PBMA process consisted of an Operations Team, a Task Group and an Advisory Group. The Operations Team was charged with the detailed management of the process and was composed of three members from the Finance and Communications departments, a Project Manager, as well as one retired academic who had previous senior administration experience within the university.

The Operations Team reported to the Task Group, composed of three departmental heads, one director and three members of the Faculty's Executive. The Task Group reviewed the work of the Operations Team and developed recommendations for the Advisory Group's approval.

The Advisory Group included all the departmental heads, the members of the Dean's Executive, one research representative, one regional associate dean, one staff representative and one student representative. The Advisory Group had final say on the criteria, the process guidelines and the proposal ratings, and made resource allocation recommendations directly to the Dean.



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info@prioritizesoftware.com

1-855-548-2878

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PBMA IN THREE STAGES

The PBMA process was implemented in three stages: preparation, proposal development, and decision-making.

The **preparation stage** involved setting up the governance structure, developing the rating tool (criteria, weights, rating scales), establishing the targets and timeline, and providing adequate education and training about the process.

The **proposal development phase** consisted of the creation of proposals for change. Each unit of the Faculty (department, research center or administrative unit) was required to submit proposals that would generate a pre-determined amount of savings or new revenue. As well, proposals for strategic investment were also invited from each department.

The **decision-making stage** involved setting the final rating of each proposal (proposal score and overall risk level) and deciding which of the proposals would be recommended for implementation on the basis of impact and risk.

TARGETS SUCCESSFULLY MET

The process implementation started in mid-February 2015 and the disinvestment portion of the process ended on schedule in early October, in time for the resulting resource allocation decisions to be included in the financial plan for 2016/17.

The disinvestment portion of the PBMA process was deemed successful in that it exceeded its financial target of \$6 million in savings and new revenue for 2016/17.

In applying the PBMA framework, savings were identified in a participatory, explicit and transparent manner that is expected to greatly facilitate the implementation of the resulting changes and the explanation of those changes to stakeholders.

The allocation of the approximately \$2 million in new funding will be completed in late Fall 2015.

First year savings and new revenue of \$6M

The implementation of PBMA at the UBC Faculty of Medicine provides an example of how PBMA can be structured in an academic setting. The result of the process was an action plan that fit the strategic priorities of the Faculty and addresses the immediate financial pressures. Beyond the investment portion of the process, the plan is to build on the first implementation of PBMA to look at longer term strategic changes that will allow the Faculty to balance its budget while retaining its high level of excellence.

WHAT WE OFFER

Cloud-based software to guide an organization through the decision making processes from conception, to development and implementation.

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Custom-fit solutions to meet the needs of your organization.

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