

Duke University Medical Center

DURHAM, NORTH CAROLINA
27710

PHYSICIAN'S ASSOCIATE PROGRAM
P. O. BOX CHS 214

June 22, 1972

TELEPHONE 919-684-6134

Dr. John O. Blackburn
Chancellor
Duke University
Durham, North Carolina 27706

Dear Dr. Blackburn:

In accordance with your request via Dr. Keller to Dr. Estes regarding the Physician's Associate Program, I would like to submit the following information as a reflection of the current status of the Physician's Associate Program:

- 1) The courses, as outlined in Section II of Attachment I, were individually approved by the appropriate departmental chairmen and collectively approved by the Allied Health Advisory Committee on April 26, 1972. This curriculum, comprising the upper division of the Bachelor of Health Sciences degree program for students enrolled in the Physician's Associate Program, was ultimately approved by the Medical School Advisory Committee on May 16, 1972.
- 2) At the Quail Roost meeting of the Medical School Advisory Committee the deferred tuition plan (described in Attachment I) was also approved and in accordance with guidelines submitted by Dr. Kinney, (Attachment II), have proceeded with arrangements for implementing this plan through the office of the Coordinator of Financial Aid for Undergraduate Medical Education. Beginning this Fall all students registering in the Physician's Associate Program will be obligated for tuition in the same amount as are other undergraduate students at Duke University (i.e., \$2,500 for the 1972-73 academic year.
- 3) On Thursday, May 18th, Mr. Saylor J. "Jim" Fultz and myself negotiated a contract with the Federal Government which will provide support for the Program during this next fiscal year in the amount of \$246,809. This figure includes \$36,000 for student support but does not include the indirect support. We were told that within the confines and limitations of future federal funding this contract would be refunded for a period of no less than three years and no more than five years. It is the current anticipation of the Office of Special Projects that the current contract will be renewed for five consecutive years. The support from this contract and other ongoing outside support for this program will continue to defray the direct operational costs of the program during this interim period. The establishment of a revolving fund as described in Attachment I should generate sufficient

June 22, 1972

fiscal support by the 1977-78 academic year to defray the tuition charges for all students thereafter.

As you requested, I am enclosing a current copy of the program Bulletin which provides detailed information on many aspects of the program. If you have any further questions concerning the program or the arrangements that have been implemented for the Bachelor of Health Science degree and/or the deferred tuition fund, please do not hesitate to contact me at your convenience.

With best wishes as always, I am

Sincerely yours,



D. Robert Howard, M.D.
Director

DRH/sl

Enclosures

cc: Dr. F. N. Cleveland
Dr. W. J. Anlyan
✓ Dr. T. D. Kenney
Dr. E. H. Estes

RECEIVED

Physician's Associate Program

Long Range Funding Plan

Need:

As with all other programs of higher education, the prolonged operations of the Physician's Associate Program is dependent on a perpetual and reliable source of funding.

Situations:

- I. Because of their age, family responsibilities, and their limited economical resources, etc., most students (who are generally selected from the low income ranks of intermediate level health workers) cannot afford the required Duke Undergraduate tuition.
- II. The University has granted allied health programs five years (until September 1977) to:
 - A. Achieve a basis for financial stability and
 - B. Waive tuition for students who are unable to afford their share of the education costs
- III. University alumni comprise one of the primary resources for the continued support of their educational programs.
- IV. Graduates of the Physician's Associate Program can reasonably anticipate above average annual incomes
- V. The tradition of university students providing a substantial portion of their educational expenses (generally in the form of tuition) is an established component of American education.

Conclusions:

- I. There exists a need to establish a plan within five years that can reasonably be expected to provide perpetual support for the Physician's Associate Program.
- II.
 - A. As students, physician's associates cannot afford to contribute to their education in the form of tuition.
 - B. As alumni earning above average incomes, they can readily afford and should be required to support the ongoing operations of the program.

Requirements:

- I. Establish a mechanism that can provide a means of ongoing financial support for the Physician's Associate Program
- II. Establish a mechanism that is in line with University policies and which simultaneously can be of the least burden to the students and graduates

Propositions:

- I. Generate a fund which in five years can be of sufficient magnitude to pay the tuition on a perpetual basis for any or all students entering the Physician's Associate Program
- II. Support the fund with income from employed graduates discharging their obligation for tuition deferred on their behalf while enrolled as students.

Conditions:

- I. It is necessary that a source of support for the Physician's Associate Program exists during the next five years which will preclude reliance on student tuition.
- II. The University establishes a separate fund for the Physician's Associate Program comprised of deferred tuition payments by Physician's Associate Program alumni which will be collected by the University.

Feasibility Analysis:

In order to facilitate an adequate understanding of the fiscal implications for future program support, a series of financial analyses have been compiled. These include operational costs, and income requirements, and their relationship to the deferred tuition proposal.

Proposals:

- I. Permit any or all students enrolled in the Physician's Associate Program to defer any or all of their tuition requirement so long as they are enrolled.
- II. Establish a deferred tuition fund for the Physician's Associate Program which can:
 - A. Accept payment from the graduates;
 - B. Pay any or all University tuition costs for needy students beginning with the 1977-78 academic year, and
 - C. Provide direct support to the Physician's Associate Program for operational costs as needed so long as this support does not infringe on the maximum balance necessary to pay the tuition for all needy students.

P
A
H
X

Figure I

Physician's Associate Program
Cost Analysis Profile

Year	Operational Costs(1)	Contract Support(2)	Capitation Support(3)	Additional Support
72-73	\$182,200	\$182,200	\$52,000(4)	-0-
73-74	191,300	191,300	52,000(4)	-0-
74-75	200,900	200,900	52,000(4)	-0-
75-76	210,900	210,900	52,000(4)	-0-
76-77	221,400	221,400	52,000(4)	-0-
77-78	232,500	-0-	52,000	\$180,500
78-79	244,100	-0-	52,000	192,100
79-80	256,300	-0-	52,000	204,300
80-81	269,100	-0-	52,000	217,100
81-82	282,100	-0-	52,000	230,100

- (1) Cost of Program is based on current direct costs to the nearest hundred dollars exclusive of evaluations and includes a five percent (5%) annual increase to offset inflationary effects.
- (2) Pending approval by the Office of Special Projects, Bureau of Health Manpower, National Institutes of Health.
- (3) Capitation support for physician's assistants is calculated at current rate of \$650.00/student. No increase is considered.
- (4) Capitation monies will be used towards the development of basic science faculty.

Figure II

Physician's Associate Program

Relationship of Tuition Income and Additional Support Needed

Year	Additional Support	Tuition Paid(1)	University Support(2)	(Surplus) Deficit(3)
72-73	-0-	-0-	-0-	-0-
73-74	-0-	-0-	-0-	-0-
74-75	-0-	-0-	-0-	-0-
75-76	-0-	-0-	-0-	-0-
76-77	-0-	-0-	-0-	-0-
77-78	\$180,500	\$240,000	\$192,000	(11,500)
78-79	192,100	248,000	198,400	(6,300)
79-80	204,300	256,000	204,800	(500)
80-81	217,100	264,000	211,200	5,900
81-82	230,100	272,000	217,600	12,500

- (1) Tuition paid is based on an annual increase of \$100/student, i.e., \$3,000/student in 1977, \$3,100/student in 1978, etc. Class size is considered stable at 40 students/year.
- (2) The Program would become a hard line budget item when full tuition is being paid for all students. The University contribution is calculated at eighty percent (80%) of the amount paid to the University in the form of tuition.
- (3) Any surplus (amount in parentheses) would be returned to the Medical School. Deficits would be made up from the deferred tuition fund.

Figure III

Physician's Associate Program

Income from Deferred Tuition
(Plan begins 1972)

Year	Deferred Tuition ⁽¹⁾	Tuition Repaid ⁽²⁾
72-73	\$200,000	-0-
73-74	208,000	\$ 15,800
74-75	216,000	48,000
75-76	224,000	81,400
76-77	232,000	116,100
77-78	240,000	152,100
78-79	248,000	189,300
79-80	256,000	227,800
80-81	264,000	267,500
81-82	272,000	292,700

- (1) Tuition is calculated at \$2,500/student for the 72-73 academic year and increasing at the rate of \$100/student/year thereafter. Class size is considered stable at 40 students/class with a zero attrition rate [see Fig. IV (1)].
- (2) Tuition repaid is calculated under the least favorable terms on the basis that all students would elect to defer all of their tuition and repay it over the maximum proposed allowable time (8 years). Interest is figured at 6% beginning at the time of graduation or cessation of enrollment. The income is rounded to the nearest hundred dollars.

Figure IV

Physician's Associate Program

Deferred Tuition Fund - Income, Expenditures and Balance

(Plan begins 1972)

Year	Income (Fig. III)	Tuition Paid (Fig. II)	Additional Support (Fig. II)	Balance ⁽¹⁾
72-73	-0-	-0-	-0-	-0-
73-74	\$ 15,800	-0-	-0-	\$ 15,800
74-75	48,000	-0-	-0-	63,800
75-76	81,400	-0-	-0-	145,200
76-77	116,100	-0-	-0-	261,300
77-78	152,100	\$240,000	-0-	173,400
78-79	189,300	248,000	-0-	114,700
79-80	227,800	256,000	-0-	86,500
80-81	267,500	264,000	\$ 5,900	84,100 ⁽²⁾
81-82	292,700	272,000	12,500	92,300

- (1) No interest or growth factor is included although this could be reasonably anticipated at from six (6) to ten (10) percent (%) per year compounded. This has been excluded to off set losses from bad debts, deaths, and disability, etc.
- (2) In 1980-81 the deferred tuition fund would reach its lowest point. Thereafter the income to the fund would more than off set all tuition and additional necessary support.

Figure V

Physician's Associate Program

Income from Deferred Tuition
(Plan begins 1973)

Year	Deferred Tuition ⁽¹⁾	Tuition Repaid ⁽²⁾
72-73	-0-	-0-
73-74	\$208,000	-0-
74-75	216,000	\$ 16,400
75-76	224,000	49,800
76-77	232,000	84,500
77-78	240,000	120,500
78-79	248,000	157,700
79-80	256,000	196,200
80-81	264,000	235,900
81-82	272,000	267,900

(1) Same conditions as in Fig. III (1).

(2) Same conditions as in Fig. III (2).

Figure VI

Physician's Associate Program

Deferred Tuition Fund - Income, Expenditures, Balance

(Plan begins 1973)

Year	Income (Fig. V)	Tuition Paid Fig. II)	Additional Support (Fig. II)	Balance ⁽¹⁾
72-73	-0-	-0-	-0-	-0-
73-74	-0-	-0-	-0-	-0-
74-75	\$ 16,400	-0-	-0-	\$ 16,400
75-76	49,800	-0-	-0-	66,200
76-77	85,500	-0-	-0-	150,700
77-78	120,500	\$240,000	-0-	31,200
78-79	157,700	248,000	-0-	(59,100) ⁽²⁾
79-80	196,200	256,000	-0-	(118,900)
80-81	235,900	264,000	\$ 5,900	(152,900)
81-82	267,900	272,000	12,500	(169,500)

(1) Same conditions as stated in Fig. IV (1).

(2) Because of the five year limitation in federal funding and the one year delay in tuition charges and repayments, the fund would go in debt at the beginning of the 1978-79 academic year and become progressively indebted each year thereafter.