

ANALYSIS OF THE FINDINGS AND RECOMMENDATIONS OF THE
REPORT OF THE LEGISLATIVE AUDIT COUNCIL ON THE MANAGEMENT AND
PERFORMANCE REVIEW OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA*

South Carolina Commission on Higher Education
May 3, 1979

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*Approved on May 3, 1979, by the Committee on Health and Medical Education of the Commission on Higher Education, at the request of and on behalf of the Commission. These comments are submitted in response to the request of the Honorable Charles E. Hodges, Chairman, State Reorganization Commission, in a letter dated April 19, 1979, to Dr. Howard R. Boozer, Executive Director, S.C. Commission on Higher Education.

I. Comments on Sections of the LAC Report Assigned to the Commission on Higher Education

A. Inadequate Student Loan Collection (pp. 74-78)

The "Management and Performance Review of the Medical University of South Carolina" issued by the Legislative Audit Council states that student loan collection efforts at MUSC have been inadequate. The report cites the number of students (58) and the amount of loans (\$25,587) in default at the Medical University as of July, 1978, and also discusses shortcomings in loan collection procedures considered responsible for the defaults.

The Commission on Higher Education agrees that every effort should be made by the Medical University to collect defaulted loans and to assure payments on schedule. In this respect, implementation of the Recommendations of the Legislative Audit Council should improve the situation. From a practical standpoint, however, neither a commercial lending institution nor an educational institution that makes loans to students can achieve a perfect collection record. When loan defaults are discussed, therefore, they should be considered in the context of how the amount in default compares with the amount loaned. The rate of default is a better measure of effectiveness than a statement of numbers and amounts of defaults alone.

The Commission on Higher Education believes that the criticisms in the Audit Report convey an exaggerated impression of the shortcomings of loan collection efforts by the Medical University of South Carolina. The \$25,587 in default represents only 0.7% of the amount loaned to MUSC students through all sources and programs, federal and institutional (private); and the 58 borrowers in default represent only 2.4% of 2,469 borrowers. If the 58 borrowers in default repay none of the \$65,200 they owe (which includes the \$25,587 already in default status), the default rate on dollars borrowed would be only 1.8%. We reiterate the importance of MUSC taking every possible step to collect all loans, but it is only fair to state that MUSC's collection compares favorably to the records of most institutions. The Federal Government considers default rates under 10% as "acceptable."

Comparative figures are available for only one specific program, the National Direct Student Loan (NDSL) Program. The default rate at MUSC was 6.8% as of July, 1978, which is the highest rate among all loan programs available to MUSC students but below the average of 23.2% for the State of South Carolina and the national average of 17.4% for the same program on the same date.

The Legislative Audit Report refers several times to the Student Loan Collection Procedures Manual and states: "Although some of the recommendations in the manual have been adopted management has not implemented the procedures which would guarantee the best collection results." The impression could be obtained that the manual is an official document from a federal source such as the Office of Education and that the Medical University has failed to follow official guidelines in its collection efforts. However, the manual was written by the business office at MUSC with the assistance of the financial aid office. The manual itself represents a positive step by MUSC toward improvement in its loan collection record, and the implementation of all steps contained in the manual should reduce further the rate of default.

As indicated in the Legislative Audit Council Report, the most serious impediment to improved student loan collections by the Medical University has been the reluctance to take legal action. We agree with the Report that the Medical University, and all public postsecondary institutions in South Carolina, should be required to take legal action to collect student loans when all other efforts have failed.

B. Chapter III - Educational Programs (pp. 107-147)

In Chapter III, Educational Programs, the Legislative Audit Council reported on the educational effectiveness of four of the six colleges within the Medical University.

An evaluation of educational effectiveness is difficult at best. The evaluation of the quality of educational programs is usually based upon peer review implemented by visitations of consulting groups and accreditation teams. The substantive findings are usually available in reports, however, and the progress made in responding to the recommendations should be useful in an assessment of educational effectiveness. A greater emphasis on this approach might have been useful in the evaluation of educational effectiveness of the programs at MUSC.

(1) Comments on the Factors Used to Determine Educational Effectiveness

As measures of educational effectiveness, three factors were selected for analysis:

- (a) retention of graduates within the State,
- (b) performance on national professional or board examinations, and
- (c) national professional accreditation.

The retention rate of graduates is a matter of interest and concern to the taxpayer, but retention of graduates in the State is not a reliable measure of educational effectiveness since the University has little control over this variable. Perhaps "community impact effectiveness" might be a more accurate characterization of the retention phenomenon. The factors that determine retention are complex and involve behavioral, cultural, and socio-economic elements generally beyond the sphere of influence of the University. The graduates of medical schools in the State of Ohio and other midwestern states, for example, have for years migrated to California in consistently large numbers. As another example, the retention rate in Florida of the graduates of undergraduate medical programs is low and unpredictable whereas retention is high for graduates of postgraduate residency programs.

On a comparative basis, however, the retention rates at MUSC seem to be higher than those in comparable institutions nationally. An important fact for South Carolina also to consider is the comparatively high retention rate for graduates of its physician residency programs irrespective of the state that provided the undergraduate preparation in medicine. It may be more cost effective to invest in quality residency programs capable of retaining in-state graduates and attracting out-of-state graduates than to expand undergraduate enrollments in medical schools.

The Legislative Audit Council reported that a greater number of residencies remain unfilled in South Carolina than in most other states, that a substantial number of MUSC graduates leave the state for residency training, and that a

high proportion of South Carolinians trained out-of-state return to practice in South Carolina. Many students from South Carolina attend medical schools in other states with firm intentions of returning to South Carolina, and many well-qualified graduates of MUSC seek out-of-state residencies with the intention of returning to their native state. Meanwhile, the interest and response on the part of graduates of out-of-state medical schools in seeking residencies in South Carolina appears to be increasing. The advantages of improving the quality and incentives associated with residency programs in South Carolina seem quite clear.

The scores achieved by MUSC students on the National Board Examinations should not be used without qualification as a measure of educational effectiveness. The standards and requirements for admission must be comparable or adjusted to assure comparability prior to comparisons of medical schools based on Board scores. Even then, performance on the National Board Examinations may not be providing an accurate measure of the quality of the curriculum or the teaching effectiveness of the faculty. National accreditation ratings, on the other hand, may provide useful information on educational effectiveness.

Although it is difficult to measure educational effectiveness, a number of indicators not selected by the Audit Council also might have provided useful information:

- (a) reviews of new program proposals and position papers prepared by the Commission on Higher Education, and the relevant minutes of the Health Education Authority,
- (b) progress in meeting the recommendations of consultants and accrediting agencies,
- (c) productivity of the faculty in research,
- (d) library holdings,
- (e) perception of MUSC graduates by their employers (e.g., evaluation of nursing graduates by hospital administrators and evaluation of MUSC graduates by directors of residency programs),
- (f) perceptions of MUSC as reflected by national ratings,
- (g) ratings of MUSC in the cost analysis studies of the Association of American Medical Colleges.

(2) Comments on the Evaluation of the Four Colleges at MUSC

(a) College of Medicine

The retention rate, reported as somewhat above the national average, appears to be paralleled by the in-migration of physicians who are native to South Carolina but who studied medicine out-of-state and physicians who came to South Carolina for their residency training and remained to practice.

Substantial improvements have been made in the standards of admission (GPA and MCAT scores) and comparable improvements should follow in the scores on the National Board Examinations.

(b) College of Dental Medicine

The Audit Council has made a thorough analysis of the three factors selected for evaluation of educational effectiveness, and the College of Dental Medicine compares favorably with averages for the southern region and the nation.

(c) College of Pharmacy

The performance of 1976 graduates on the National Association of Boards of Pharmacy Licensing Examination are shown to be "slightly below the national average on four out of five sections," but the scores have been rising slightly in recent years.

The College has been visited frequently for accreditation purposes because of changes in the nature of the curriculum. No special problems with accreditation are reported by the Audit Council or perceived by the Commission on Higher Education.

(d) College of Nursing

Retention of nurses in practice is a national concern that transcends in significance the issue of retention of graduates in the state of their training.

The scores of the graduates of the Colleges of Nursing at MUSC on the State Board Test Pool Examination are "well above the over-all performance of the state's nursing graduates" and, in several cases, "higher than the national average scores."

The College of Nursing has been accredited for the maximal period (8 years).

The Report of the Audit Council on the College of Nursing is favorable.

II. Additional Comments

A. Professional Staff Office Revenue Not Budgeted (pp. 79-80)

The Commission on Higher Education has published a position paper and a series of "Guidelines for a Medical Practice Plan for South Carolina," designed for the following purposes:

- (1) to improve the financial accountability of the medical practice plan that is operative at the Medical University;
- (2) to provide a framework for a medical practice plan at the medical school at the University of South Carolina in Columbia and at the William S. Hall Psychiatric Institute;
- (3) to foster a more equitable distribution of family practice earnings among the participating departments, administrators, and clinical faculty members, and to assure a fair return to the State for the use of facilities.

The Commission agrees with the recommendation of the Legislative Audit Council that MUSC should budget professional staff office revenue.

B. Distribution of Funds for Indigent Health (pp. 103-104)

During the review of the MUSC budget appropriation requests in the past two years, the Commission on Higher Education has drawn attention to the inequities in charging the high cost of indigent medical care to the State taxpayers through the procedure of referring large numbers of indigent patients to University Hospital without financial reimbursement. Because of the referral

of such patients, it has become the responsibility of the Medical University to provide the necessary care with no alternative, for payment other than charges to the State through the educational budget.

A considerable number of indigent patients are needed for instructional purposes at the Medical University's teaching hospital, and the costs for these patients are legitimate for inclusion in the educational budget. Nevertheless, several millions of dollars for charity care are inflating the bill for medical education. These funds are needed, but a different approach should be found for accounting and payment, as proposed by the recommendation of the Legislative Audit Council.