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Texas Higher Education Coordinating Board

Family Medicine Residency Program
Guidelines for Funding
Operational and Optional Rotation Programs

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SECTION I
GENERAL INFORMATION

The *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs* present the funding processes and reporting requirements for programs receiving Family Practice Residency Program funds trusteed to the Texas Higher Education Coordinating Board under Texas Education Code, Chapter 61, Subchapter I,. Sections 61.501 through 61.504. These guidelines, along with the terms of the agreement negotiated between the Texas Higher Education Coordinating Board (Coordinating Board) and the family medicine residency program, should be carefully reviewed and followed by residency and support program directors and administrators.

Members of the Family Practice Residency Advisory Committee (FPRAC) are available to provide consultation to residency and support program directors upon request. A site visit, by a subcommittee consisting of at least three (3) FPRAC members, may be conducted before a recommendation is made to the Commissioner of Higher Education for consideration of initial operational or support program funding, or as a condition for continued funding.

These guidelines were originally approved by the FPRAC on June 19, 1986, and revisions were adopted in August 1992, May 1995, October 1998, February 2004, November 2009 and February 2012.

SECTION II
TYPES OF GRANTS

Rules governing all types of grants are contained in the Coordinating Board Rules and Regulations, Chapter 6. Health Education, Training, and Research Funds, Subchapter A. Family Practice Residency Program. The Family Practice Residency Advisory Committee (FPRAC) makes recommendations to the Commissioner of Higher Education regarding the consideration of funding allocations for operational grants, and rural and public health rotation programs. The FPRAC is also responsible for the development of a differential funding mechanism for operational grants.

A. OPERATIONAL GRANT: Awarded to operational family medicine residency programs approved and recommended for funding by the FPRAC. Approved programs must be accredited by the Accreditation Council for Graduate Medical Education (ACGME) or the American Osteopathic Association (AOA). To become eligible for FPRAC approval, a family medicine residency program must successfully operate for a minimum of three full academic years (36 months) prior to applying for an operational grant. Operational grants are based on the total number of full-time residents enrolled and on-site in a family medicine residency program as of September 1 of the fiscal year.

1. Application: The program director should submit the *Operational Grant Application FP004, parts (A) (B) and (C),* to the Coordinating Board staff on a regular date in the spring preceding the fiscal year. Programs that submit the applications after the deadline or that submit incomplete applications will not be considered for funding. The FPRAC will consider the *Operational Grant applications* and use the information presented in them to make a funding recommendation for consideration by the Commissioner on behalf of the Coordinating Board.
2. Allocation: Operational grants are awarded for a 12 month period, beginning September 1 and ending August 31 of each year. The Coordinating Board staff determines the amount available for operational grants, considering the legislative appropriation, any unexpended funds

reported by the programs, and the number of certified full-time residents on-site at an approved family medicine residency program, as of September 1. Prior to release of operational grant funds, program directors must submit a certified number of full-time residents and their program's amount of the prior year's unexpended operational grant funds. Once this information is received from the approved family medicine residency programs, the Coordinating Board staff will draft an agreement for each of the approved residency programs. Agreements are then forwarded to residency program directors for review and signature. The signed agreements are subject to revision based on information received in the Annual Financial Report and audit statements, which are due December 31 or on a date established by Coordinating Board staff and published to the programs.

3. Disbursement: Operational grant funds are disbursed in one or more increments during a fiscal year. To receive a disbursement of funds, the program director must submit a signed agreement.
4. Notification: The program director must immediately notify the Coordinating Board staff and the FPRAC in writing if the program loses its accreditation or significant numbers of residents during the fiscal year, or if the program continuation is jeopardized by withdrawal of local funding. Operational grant funds may be withheld if the residency program is in jeopardy of losing accreditation or significant financial concerns are raised regarding the program's financial solvency.

B. SUPPLEMENTAL GRANT: When funds are available, these grants may be awarded to programs in addition to and separate from, the operational grant. Supplemental Grants may be provided for emergency aid to a program or to enhance the educational component of a program. Supplemental grants for emergency situations may be awarded to programs for financial emergencies and are intended as a *one time only* grant. Supplement grants for educational

enhancement of a program may be awarded only in the event that funds are available.

1. Application: Programs must submit the following for FPRAC consideration:
   a. a written request to the FPRAC delineating the reason(s) that supplemental funding is requested, efforts made to obtain funds from other sources, a plan for action that will make additional supplemental funding unnecessary, and
   b. a budget that describes how the supplemental funds are to be spent, the total amount of emergency funds required and other sources providing emergency funds, and
   c. documentation of the time period that the emergency supplemental funds will cover expenditure, and
   d. the priority of the expenditure, (i.e., if the funds must be expended immediately or can be deferred).

Prior to consideration of a request for supplemental funds, a site visit may be made by a Coordinating Board staff member and up to three (3) FPRAC members, one of whom shall be a physician, to obtain additional information. The supplemental funds must be included in the *Annual Financial Report (FP007)* and *Annual Written Report (FP008)* for the fiscal year in which the funds are provided. Unexpended supplemental funds must be returned to the Coordinating Board at the end of the fiscal year, August 31.

2. Allocation: Supplemental grants may be awarded as needed to programs contingent on availability of funds. Requests for support grants will be reviewed and prioritized by Coordinating Board staff and the FPRAC.

3. Disbursement: Supplemental funds are disbursed in full, as *one time only* grants.

C. RURAL AND PUBLIC HEALTH ROTATION GRANTS: Awarded to accredited family medicine residency programs as residents complete rotations to offset the cost of residents participating in a one-month rural or public health rotation. Comprehensive guidelines for the rural and public health rotations are presented in Section VI.

SECTION III
REPORTING PROCEDURES

A. FINANCIAL REPORTS: Programs receiving operational grants are required to submit two financial reports: *Annual Financial Report* and *Budget Summary Grid*. These reports provide the FPRAC and the Coordinating Board staff information on the programs' financial status.

1. Budget Summary Grid FP004 (B): Submitted as part of the *Grant Application (FP004) parts (A), (B), and (C)*, *the information presented in the Budget Summary Grid* assists the FPRAC in their drafting of a funding recommendation for consideration by the Commissioner of Higher Education. The *Budget Summary Grid* details the programs total funds available from all revenue sources and expected expenditures of the operational or support grants for the upcoming fiscal year.
2. Annual Financial Report, Inventory FP007, and Audit: Submitted by December 31 or on a date established by the Coordinating Board staff and published to the programs of each fiscal year, the *Annual Financial Report* presents the actual expenditures for the preceding fiscal year by object of expense, and documents the unexpended balance of program funds at the end of the previous fiscal year, August 31. The *Annual Financial Report* must be certified by the program director.

   Inventory: The *Inventory (FP007)* identifies all equipment purchased with operational grants during the fiscal year, or provides a statement certifying that operational or support grant funds were not used to purchase equipment during the fiscal year. The *Inventory (FP007)* must be attached to the *Annual Financial Report*.

   Audit: An audit statement delineating the previous fiscal year expenditures must be submitted separately by December 31 or on a date established by Coordinating Board staff and published to the programs.

Independent, unaffiliated community-based residency programs must use an independent auditor to conduct the audit. Medical school-based and affiliated residency programs may use the sponsoring or affiliated institution's internal auditor to conduct the audit. Funding will cease until such time as the *Annual Financial Report* or the audit report for the previous year is submitted.

Funding may be placed on hold or ceased when fiscal problems are identified from the information presented by these reports.

B. OTHER REPORTS: Two status reports are required annually of all operational programs to provide information to the FPRAC and the Coordinating Board staff. These reports provide critical information regarding the program's operation and are used for future planning.

1. Annual Written Report FP008: Submitted to the FPRAC for review and discussion during their spring meeting. The Coordinating Board staff presents an overview of the *Annual Written Report* to the FPRAC. After their initial review of these reports, FPRAC members may request specific program directors to address issues of concern. The Coordinating Board staff will notify the residency program of the FPRAC's request to provide additional information and circulate the program's responses to the FPRAC.
2. Roster of Residents: Submitted in the fall of each fiscal year, the roster provides the FPRAC and Coordinating Board staff with gender, ethnicity, and medical school graduation data by post-graduate/residency year for each certified resident. This information, which is required by statute, allows the FPRAC to monitor the diversity of the family medicine residents and provides data on Texas medical school graduates.

SECTION IV
USE OF STATE FUNDS

A. AUTHORIZED USE OF STATE FUNDS: The following expenditures are authorized for program's receiving grant funds under these guidelines:

1. Salaries: Including personnel (program director, assistant director, office staff, faculty, and clinical employees, including nurses and technicians).
2. Equipment: Authorized only for the purchase of equipment valued at less than $2,500. All equipment must be tagged as purchased with Coordinating Board Family Practice Residency Program funds. Equipment purchased with these funds must be reported on the program's Inventory (FP007).

   Disposal of equipment: If a program subsequently wishes to dispose of equipment purchased with these funds, a written request describing the equipment and the proposed method of disposition must be made to Coordinating Board staff. The Coordinating Board staff will notify all approved family medicine residency programs of the availability of the equipment. Programs that wish to procure the equipment will have thirty (30) days to notify both the program disposing of the equipment and the Coordinating Board staff of their interest. Actual arrangements for the transfer of equipment between programs will be made by the programs involved. If after thirty (30) days, no other program has expressed an interest in acquiring the equipment, the program may act on the original proposal to dispose of the equipment.
3. Medical and office supplies.
4. Travel: Including attendance at professional meetings, program development, and faculty development. Travel reimbursement requests must be in compliance with the state comptroller's guidelines.
5. Residents salaries and fringe benefits: Including professional liability insurance only in the process of family medicine residency training and travel. Residents' salaries are paid for no more than three years of training.

6. Other operating costs: Including telephone, postage, and copying.
7. Certain fees: Including legal services and Residency Assistance Program (RAP) consultation.

B. PROHIBITED USE OF STATE FUNDS: Programs are prohibited from expending these funds on the following:

1. Capital expenditures for construction.
2. Architect's fees.
3. Feasibility studies.
4. Rent paid to a public medical school.
5. Consultant fees paid to intra-institutional personnel: Including medical school or other personnel employed by a state agency or higher education institution.
6. Stipends or fringe benefit payments for residents subsidized by the military, Public Health Service, or other federal agencies. Such residents should NOT be counted in the total number certified to the Coordinating Board staff for purposes of computing the amounts of the operational grants.
7. Professional liability insurance for professional activities outside the family medicine residency training program.
8. Any resident recruiting expenses: Including travel, entertainment, and relocating expenses.
9. Application fees to the national accrediting body.
10. Equipment: Including all equipment purchased by programs receiving an operational grant and equipment valued at greater than $2,500.

C. INTEREST EARNED ON FAMILY PRACTICE RESIDENCY GRANT FUNDS: The Family Practice Residency Program funds are restricted funds, appropriated to provide support for residency programs approved by the Coordinating Board, to be used for the direct support of resident education and related activities. These funds are not awarded to programs for investment purposes. In the event

that any interest accrues to these funds prior to their expenditure for program purposes, the amount of interest must be reported on the *Annual Financial Report* and audit, as well as other Coordinating Board reports. Interest earned on these funds is subject to the same restrictions as Coordinating Board grant funds, as previously detailed in these guidelines.

D. LOCAL SUPPORT FUNDS: The agreement between the family medicine residency program and the Coordinating Board contains the provision that *"local support funds for the Family Practice Residency Program will not be reduced as a result of the allocation and transfer of state funds to the program."* Therefore, a reduction of local support funds, including hospital or medical school funds, resulting from the receipt of these funds, is construed as a breach of the agreement and is not permitted, and will jeopardize future funding. Program directors should immediately inform the Coordinating Board staff and the FPRAC in writing if such a reduction occurs.

SECTION V
FINANCIAL MONITORING PROCEDURE

A procedure for monitoring the financial status of Texas' Family Medicine Residency Programs receiving grant funding through the Coordinating Board has been established by the Family Practice Residency Advisory Committee (FPRAC). Monitoring of the operational and support programs is delineated in the section that follows.

A. OBJECTIVES OF THE FINANCIAL MONITORING PROCESS: The objectives of financial monitoring are to provide the FPRAC with current financial information and to assist the FPRAC in identifying potential financial problems at residency programs. The reports are intended to provide the FPRAC with prior warning of a program's possible financial difficulties, and allow the FPRAC to help a program overcome potential financial difficulties before they become a serious threat to the viability of a program.

B. ROUTINE FINANCIAL REPORTS: Two routine financial reports provide the information upon which the financial monitoring procedures are based:

1. Budget Summary Grid FP 009: This report accompanies the Operational Grant Application for the upcoming fiscal year and is submitted prior to the beginning of the fiscal year. The Budget Summary Grid is a projection of the operational program revenues and expenses.
2. Annual Financial Report and Inventory (FP007) and Audit: These reports are submitted by December 31 following the end of the fiscal year, August 31.

C. MEASUREMENT STANDARDS: The two financial reports used in the monitoring procedures contain comparable information. This permits the selection of certain costs and income for evaluation over a period of time. Minimum and maximum values have been developed for each selected cost element and an optimum range of funding for each income source.

D. EVALUATION OF FINANCIAL REPORTS: The primary purpose of the financial reports evaluation is to assist the program in identifying and solving any financial problems. Failure of a program to respond to corrective action would result in withholding or canceling future payments. Each program's financial reports are evaluated by the Coordinating Board staff to determine if the cost and income elements are in accordance with established measures. If significant variations are noted they are reported to the program and FPRAC. Depending upon the number of variances from the standards and the length of time involved, the FPRAC may take one or more actions. These actions range from an alert notice to the program director to a site visit by Coordinating Board staff and a FPRAC team, and development of a corrective action plan.

Measurement Guidelines for Cost Elements and Income Sources
Measurement Guidelines

Financial Item Program Costs:	Unit of Measure	Minimum	Maximum
Average Cost Per Resident	Cost per resident at each program	One SD below the average cost per resident	One SD above the average cost per resident
Faculty Cost	Faculty cost as a percent of total cost	20%	60%
Support Personnel	Support personnel as a percent of total cost	None	33%
Residents Cost	Residents cost as a percent of total cost	20%	50%
Income Sources:			
CB Family Practice Residency Program Grant	CB FPRP Grant as a percent of total income	None	35%
Service Revenue	Service Revenue as a percent of total income	15%	50%
Medical School Support	Income from an affiliated medical school as a percent of total income	None	50%
Hospital(s), Local, and/or Foundation Support	Income from affiliated hospital/local as a percent of total income	25%	65%

SECTION VI
OPTIONAL ROTATIONS:
RURAL ROTATION
PUBLIC HEALTH ROTATION

RURAL ROTATION

A. DIRECTION AND COORDINATION

1. Accredited Texas family medicine residency programs shall designate a staff member to serve as their Rural Rotation Coordinator. The designated coordinators are responsible for scheduling all rural rotations for their participating residents in conjunction with Coordinating Board staff.
2. Residents at Texas family medicine residency programs, with the consent and advice of their program director, shall choose the desired site for a rural rotation from a list of sites and supervisors provided by the Coordinating Board.
3. Program directors are required to:

   a. communicate the resident's choices of sites and supervisors to the Rural Rotation Coordinator, who will then transmit the information to the Coordinating Board staff;

   b. notify the Rural Rotation Coordinator and the Coordinating Board staff by August 15 of the desired dates and sites for a rural rotation through the submission of a completed resident application;

   c. submit documentation on medical licensure or institutional permit status and malpractice insurance coverage for any resident choosing to participate in a rural rotation.

B. LOCATION OF RURAL ROTATION:

1. Site Requirements:

   a. All rural rotation sites shall be in either rural, non-urbanized counties in Texas, as defined by the U.S. Bureau of the Census, or have a population of 30,000 or less and have a designation as

either a Health Professional Shortage Areas designation or Medically Underserved Area/Population.

b. All sites must have an approved family physician supervisor onsite who meets all the requirements specified in Section 2. of the guidelines below.

c. Eligible rural rotation sites will be designated by Coordinating Board staff in cooperation with the residency program director. If questions arise concerning the suitability of a site, the Coordinating Board staff may request the Family Practice Advisory Committee (FPRAC) to determine the eligibility of a site.

d. The rotation may be split between two approved rural rotation sites. However, rural rotations must be completed as a block rotation during a one-month time period.

2. Supervisor Requirements:

a. Supervisors must possess a current Texas medical license and have no pending or past disciplinary action taken against them by the Texas Board of Medical Examiners or the Texas Medical Foundation.

b. Supervisors must be board-certified in family medicine; OR, have completed residency training in family medicine; OR, have previously served in a satisfactory manner in the Texas Statewide Family Medicine Preceptorship Program.

c. Supervisors must have active admitting privileges at a licensed hospital in their practice area, if such a hospital exists.

d. Supervisors must have a completed, current Rural Rotation Supervisor application on file with the Coordinating Board.

e. Supervisors must have attended at least one Rural Rotation Workshop; OR have completed an orientation by a residency program director prior to accepting a resident for a Rural Rotation.

f. Supervisors must sign the Resident Letter of Agreement with the appropriate family medicine residency program director prior to

accepting a resident for a rural rotation. A copy of the agreement must be on file with the Coordinating Board.

g. Supervisors or their participating hospitals may not pay residents stipends for the rural rotation in addition to any state-funded reimbursement provided by the Coordinating Board during the time of the rural rotation.

h. Supervisors shall not encourage any activity designated by the program director or by the Family Practice Residency Advisory Committee as endangering the resident's eligibility for board-certification. Supervisors who do so shall no longer be considered qualified for purposes of the rural rotation program and their clinic site shall be removed from the list of approved rural rotation sites.

3. Resident Requirement:
Residents must be in the first, second, or third year of training in an accredited Texas family medicine residency program in order to participate in a rural rotation.

C. EVALUATION OF THE ROTATION:

1. Supervisors will complete an evaluation of the resident at the conclusion of the rural rotation. Supervisors will send the completed evaluation to the program director and send a copy to the Coordinating Board.
2. Residents will complete an evaluation of the supervisor at the conclusion of the rotation. The evaluation shall be returned to the program director and a copy provided to the supervisor and the Coordinating Board.
3. Residents will complete an evaluation relating to the educational value of the rural rotation experience.
4. The resident's program director will also complete an evaluation of the resident's rotation.
5. Program directors will forward copies of the evaluation of the rotation to the Coordinating Board staff, and shall communicate any problems with particular sites to the Coordinating Board staff.

D. FUNDING PROCEDURES:

1. Coordinating Board funds for rural rotations will be provided for a one-month block rural rotation; however, funding will only be available for:
   a. One-month continuous rural rotation at one site, or
   b. One-month continuous rural rotation at two qualifying sites.
2. Coordinating Board funds for rural rotations will be provided only for family medicine residents in their first, second, or third year of training and will be provided upon completion of the rotation.
3. Each resident may be funded for no more than a single one-month rural rotation per fiscal year.
4. Coordinating Board funding for the rural rotation is based on the following:
   a. Family medicine residency programs must continue to pay the resident the regular stipend during the time of the rotation. An additional stipend may be available to the resident during the time of the rotation, not to exceed $500.
   b. Reimbursement to the resident's family medicine residency program for the loss of the resident's services during the time of the rural rotation not to exceed $1,500 per resident.
5. Family medicine residency programs must submit to the Coordinating Board evaluations of the rural rotations in order for the program to receive funding.

PUBLIC HEALTH ROTATION

A. DIRECTION AND COORDINATION

1. Each accredited Texas family medicine residency program shall designate a Public Health Rotation Coordinator who will be responsible for selecting and scheduling the time and location of public health rotations for participating residents in conjunction with the Coordinating Board staff. Due to limited program funds, no more than *two* (2) residents from an accredited residency program may complete a public health rotation during a given fiscal year.

2. Residents at Texas family medicine residency programs, with the consent and advice of their program director, shall:
    a. arrange for the public health rotation with a public health agency which may be located in the same city/county/district as the residency program;
    b. schedule the resident for patient care in the residency program's family medicine clinic for up to five (5) half-days per week; and
    c. teach selected cognitive public health objectives in the course of the residency program's regular lecture series, lectures which could also be attended by other residency not participating in the desired site for a rural rotation from a list of sites and supervisors provided by the Coordinating Board staff.
    d. Program directors must:
        1. abide by the Curriculum Guidelines;
        2. notify the Coordinating Board staff in advance of the desired dates, sites, and activities for the public health rotation through the submission of a completed resident application; and
        3. complete a letter of agreement with the sponsoring public health agency, and forward the arrangements to the Coordinating Board staff.

B. QUALIFYING PUBLIC HEALTH ROTATIONS

To qualify for a reimbursement, an elective family medicine public health rotation must:

1. Be clearly labeled as a public health rotation in the residency program's curriculum documents and program descriptions;
2. Have substantially different objectives than the program's community health rotation;
3. Require that participating residents spend at least 50 percent of their time during the rotation working and learning in a public health setting; and

4. Provide evidence that the resident's experience and activities have addressed at least five (5) of the Public Health Rotation's ten (10) objectives, as outlined in the Curriculum Guidelines.

C. FUNDING PROCEDURES

Participation by Texas family medicine residents in qualifying Public Health Rotations may be supported with trusteed Family Practice Residency Program Funds, if funds are available. Following the completion of a qualifying Public Health Rotation, and submission of appropriate documentation, a Public Health Reimbursement Grant may be awarded. Due to the limited amount of funding available, programs are limited to no more than two (2) funded public health rotations per residency program. Grants will be awarded according to the following schedule:

1. Resident stipend: $ 500
2. Residency Program: $1,500

Family medicine residency programs shall maintain all records associated with the expenses of the rural rotations for a period of four years. These records will be open to inspection at all times to the Coordinating Board staff.

D. EVALUATION OF THE ROTATION

1. Supervisors shall complete an evaluation of the resident at the conclusion of the rotation, which shall be returned to the program director and the resident. Forms for the evaluation will be provided by the Coordinating Board staff.
2. Residents shall complete an evaluation of the supervisor at the conclusion of the rotation, which shall be returned to the program director and to the supervisor. Forms for the evaluation will be provided by the Coordinating Board staff.
3. Residents shall complete an evaluation relating to the educational value of the public health experience. The resident's program director will supplement this evaluation with his or her comments on the educational value of the rotation. This evaluation shall be forwarded to the Coordinating Board staff. Forms for this purpose will be provided by the Coordinating Board staff.