

**Testimony Before the House Committee on Appropriations
9:00 am, Monday, February 11, 2008
514 South, Kansas State Capitol**

**A Briefing on Strategic Initiatives at the University of Kansas Medical Center
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Madam Chair and Members of the Committee:

I was very pleased to receive the invitation of the Chair to appear before you today and report to you the progress we have made on several strategic initiatives and offer my insights into issues you will be considering during this legislative session.

Because I know you share a keen interest in these topics, the focus of my testimony today will be on the two highest priorities we have at your medical center. First, educating doctors for Kansas and second, building a world-class cancer center for Kansas.

Today, I want to share with you where we stand on our quest to fight cancer for Kansas and also update you on our efforts to enhance our capacity to train doctors for our state.

At the University of Kansas Medical Center the patient is at the center of all that we do. In training the next generation of health care professionals, in conducting research to unlock the mysteries of disease, in working to develop new therapies, treatments and cures, in providing specialized clinical care, in reaching out with our health and educational programs to every corner of this state—we have one priority—how can we best serve the patient in need?

Your investment in our enterprise allows us to be successful in this mission. And we work everyday to be good stewards of that investment. I work with a remarkably talented group of scientists, physicians, educators and researchers. The work of our researchers now garners over \$80 million in annual funding from external sources—a number that has more than doubled since I became Dean. Our clinical enterprise earned nearly \$120 million from the work of our faculty physicians last year—a number that has grown more than 55% since I became Dean.

Through reallocation of resources we have strategically focused our limited state funds more effectively. As a result we have been able to add over 150 new faculty positions in the last five years. You have provided a solid foundation for our success and the dedicated team of professionals at the KU Medical Center has worked hard to maximize the return on your investment.

In this time of economic uncertainty we should not overlook the importance the issues I will discuss today have in sustaining the strength of Kansas communities and expanding economic vitality in our state. For many small, rural communities the presence of a physician or other primary care provider is essential to preserving a quality of life for the residents of that community. Given the aging of the rural Kansas population this need will only grow. If we are to sustain our Kansas way of life and give smaller communities the chance to remain competitive we must renew our efforts to make sure access to health care remains a priority.

The effort to build a nationally recognized cancer center also has significant economic promise. Our business plan conservatively estimates that in the tenth year of our initiative a National Cancer Institute designated cancer center would generate \$1.3 billion in economic activity and create as many as 9,400 permanent jobs. Consequently, while great humanitarian gains will be achieved from the creation of such a center, it also represents the most promising, long term, economic development initiative currently being pursued in Kansas.

So, the initiatives I will discuss today not only mean healthier Kansans but also a healthier Kansas economy.

Let me turn first to our initiative to train doctors for Kansas.

At KU we are very proud of our tradition of training primary care physicians for Kansas. About 85% of every class in our School of Medicine is made up of students from Kansas. For the last two years national rankings have placed

our school at the top in generating graduates who are committed to careers in family medicine. We see this as a positive sign that we are training the right kind of doctors for Kansas. But I also recognize that we can and must do more.

Last year I appointed a task force of stakeholders from throughout our state to begin a comprehensive analysis of primary care issues in Kansas. We had just completed a study of physician workforce needs and we recognized the need to be vigilant in crafting strategies to make sure we have adequate numbers of primary care providers for Kansas. Significant resources on both our Kansas City and Wichita campuses are devoted to educating doctors for Kansas.

I am pleased to report that the task force crafted recommendations which led to convening a primary care summit in October of last year. We had great participation in the summit and as a result of that meeting a new and exciting initiative is taking shape.

Dr. Robert Moser, MD, from Tribune, Kansas has agreed to chair a coordinating committee that is now tasked with developing specific recommendations for consideration by the 2009 Kansas Legislature. Dr. Moser brings a wealth of experience to this task and I am confident that we will have a solid set of proposals for you to consider as a result of the work of this committee.

At the outset I want to thank you for the enhancements made to the Kansas Medical Student Loan program last year. The legislation you passed last year has achieved its desired effect and I am pleased to report that for the first time in several years every slot in the program is filled—meaning more students have made a commitment to return to practice in an underserved area of our state.

To expand the number of doctors in Kansas one might speculate that the easiest way to accomplish that goal would be to expand the class sizes in our medical school. Each of our current classes has about 175 students. While simply adding students would seem an easy solution it is one that is actually very difficult to accomplish within existing parameters.

Our current space constraints and faculty needs would make expansion of the class impossible without the construction of new instructional space and hiring of additional faculty members. Since tuition makes up only a small portion of our revenue (given the small number of students we enroll), most of the costs of expansion would have to be funded from other sources. That said we are looking for creative ways in which we can increase the number of students admitted to our school.

While adding medical students is a rather expensive proposition, we believe that we can expand the number of KU trained physicians by expanding the number of residents we train.

As most of you know training to become a doctor is a long and challenging task. A student generally completes a four-year, undergraduate degree and then four years of medical school to earn an MD. After graduating from medical school a student then pursues specialized training in a residency. These residencies can last from 3 to 5 years depending on the specialty. Following a residency some doctors pursue even more specialized training during a fellowship that can last for 1 to 2 years. As a resident and as a fellow the student receives a relatively modest salary, usually around \$30,000. The full annual cost of training a resident is approximately \$100,000. Hospitals receive payments from the federal government to defray some of those costs.

In order to address pressing workforce needs I have aggressively sought to expand the number of residents trained at KU. We currently train more than 430 residents in one of more than 40 specialties in Kansas City. We have partnerships with the University of Kansas Hospital, the Veterans Administration Hospitals, Children's Mercy Hospital and Clinics and Saint Luke's Hospital as sites for KU resident training. Through recent negotiations with the University of Kansas Hospital and Saint Luke's Hospital of Kansas City we now have a plan in place to grow the number of KU trained residents by as many as 200 over the next decade. Many of these new residents will choose to remain in Kansas. Most important, the hospitals have agreed to pay the full cost of these new residencies. This means more doctors for Kansas without additional taxpayer expense.

The KU School of Medicine's Wichita campus is a regional, community-based medical school model that educates 75 students from each of the third and fourth year medical school classes who transfer after completing their first two years of instruction in Kansas City. Additionally, we partner with two excellent hospitals, Via Christi Regional

Medical Center and Wesley Medical Center, to create opportunities for resident training in Wichita. KU and these hospitals have come together to form a not-for-profit consortium, the Wichita Center for Graduate Medical Education, to oversee these residency programs.

This consortium coordinates 272 doctors in 14 residency programs in Wichita and one in Salina. Residencies in Wichita focus primarily on preparing family medicine physicians but also include programs in eight other specialties. Some family medicine residencies are housed at the Smokey Hill Clinic in Salina and some include rotations at the Dole Veterans Administration Hospital in Wichita.

The Wichita Center for Graduate Medical Education (known as WCGME) is chaired by one of the hospital CEOs on a rotating basis and is governed by a board consisting of representatives of all the partnering institutions. The physicians that supervise the residents are primarily volunteer faculty members who generously agree to oversee and train residents as they begin to practice medicine. The KU School of Medicine-Wichita also has paid faculty members who oversee resident training and research. These residencies have been essential to our goal of training doctors for Kansas in that they have produced nearly 200 physicians in the past five years who work in Kansas.

This year the consortium has identified a critical need and requested funds from the state to help address the need.

Some may view this issue as a “Wichita issue” or a “WCGME” issue but this issue has implications for the entire state. Nearly 70% of Kansas counties currently depend on physicians who have completed their residencies through WCGME. The residents serve patients in communities all over the state. These resident physicians are the backbone of care for many indigent and uninsured Kansans.

Let me frame the reasons that give rise to WCGME’s request for additional state support. The agency that accredits graduate medical education programs has placed new emphasis on insuring that residents are trained in a program that has a commitment to research and scholarly activity. Residencies are more effective in training physicians if the program is designed to infuse their clinical care responsibilities with opportunities to engage in scholarly activity. In order to meet these requirements faculty members will need to be compensated for time dedicated to research and scholarly activity. Some WCGME residency programs have already been cited for deficiencies in this area—meaning that accrediting agencies will want to see meaningful effort to address this issue during future visits.

As part of the Medicare program hospitals that provide resident training receive funds to help offset the cost of graduate medical education. These funds come in two forms, direct and indirect funding. The hospitals in Wichita dedicate all of these funds toward graduate medical education and yet still incur expenses that are not reimbursed.

I have attached to this testimony a copy of the informational brochure prepared by WCGME which details the shortfall projected.

With the need to fund research in order to maintain accreditation and with reduced Medicare funding to hospitals that provide graduate medical education, WCGME projects a budget shortfall of \$9.6 million dollars this year and \$12.5 million next year. They have asked the state to help fill that gap and the Governor’s budget includes a \$1 million appropriation to address the need.

In the past our hospital partners in Wichita have helped cover these shortfalls but it is unrealistic to expect that they can continue to meet the need. These hospitals are full service hospitals that bear a tremendous and growing fiscal burden of caring for those who cannot pay for care. Additionally, the financial viability of these full service hospitals has been undermined by the proliferation of specialty hospitals in Wichita. The specialty hospital siphons away patients and funds.

Before we can seek to expand resident numbers in Wichita we must make certain we can adequately fund the program as it now exists. That’s why we join with the Kansas Medical Society and the Kansas Hospital Association in supporting WCGME’s proposal.

I appreciate and respect the current status of the state budget. You are faced with some very difficult choices and most likely we won’t know the full budget picture until the April revenue estimates are received. But let me be very clear about the WCGME issue. Our partners in WCGME and I are not supportive of funding that is simply shifted from other medical center operations. If the funds to meet the needs of WCGME are obtained from existing appropriations to the Kansas City campus we would be required to significantly reduce our commitment to graduate

medical education in Kansas City or cut other programs. This would be difficult given the fact that resident slots are already allocated and some students from throughout the nation are expecting to be matched to one of those positions in March. It would also compromise our ability to train the specialists and primary care physicians Kansas needs.

Shifting \$7 million or \$8 million from our budget in Kansas City would be the equivalent of shifting the entire budget for our School of Nursing or School of Allied Health. It is simply not a workable solution and one that all parties involved would tell you should not be a part of addressing the needs articulated by WCGME.

I hope you will give this issue your thoughtful consideration during this session. I realize it is a complex issue that is not easily understood but I can assure you for our community-based, medical education model to continue to thrive in Wichita additional support will be required. Dr. Don Brada, the WCGME program director, will be testifying before this committee on Thursday of next week and I would encourage you to further explore this issue during his appearance before the committee.

Let me now turn to a quick update on the status of our initiative to secure a National Cancer Institute designated cancer center for our state and region.

First, let me thank you for your shared commitment to this project. The state's investment of \$5 million dollars annually in this effort has been the catalyst for significant progress. And, your commitment sends a powerful message to the National Cancer Institute that state lawmakers are supportive of this effort.

Cancer is an issue that has impacted the lives of many Kansans and their families. We are dedicated to reducing the burden of cancer on our state and we appreciate all that you have done to join in this fight. We want a cancer center that reaches every corner of this state and to create a resource that allows Kansans to receive the best care right here at home.

This past summer we worked with the staff of your Legislative Post Audit Division to assess whether funds allocated to the KU Cancer Center were being spent as we said they would be. We were pleased that the auditors concluded that the funds were being allocated as we indicated during legislative consideration of the appropriation. We take very seriously the stewardship of the funds entrusted to us.

I also want to thank you for legislation creating the Kansas Breast Cancer Check Off which in its first year, with very little promotion, raised over \$90,000 to help fund research in breast cancer. Additionally, legislation you approved to create a special "Driven to Cure" license plate has proven to be a success with donors who have signed up by the hundreds to display the new pink plate. These funds will help with our outreach efforts early detection, prevention and treatment of cancer.

You also passed legislation allowing the Johnson County Board of County Commissioners to submit to voters a proposal to create and fund the Johnson County Education and Research Triangle. We anticipate that if approved the triangle tax would provide critical funds for the expansion of clinical trials in cancer and other major diseases.

Your continued interest in providing us with the tools we need to be successful in leading the fight against cancer for Kansas is an essential ingredient to our progress. And state support has led many private donors to also invest in this effort.

The Kansas Masonic Foundation has worked tirelessly to raise funds to support the Kansas Masonic Cancer Research Institute, an important part of the KU Cancer Center. They are very near their goal of raising \$15 million dollars. Of particular note, this past year we received a generous \$1 million gift from former legislator and regent Frank Gaines which will be used to fund a distinguished professorship in Wichita to further the growth of our cancer program in South Central Kansas.

One of our most significant accomplishments for the past year was the completion of the Affiliation discussions with the University of Kansas Hospital. This agreement defined the relationship between the University of Kansas and the separate corporate entity, The University of Kansas Hospital. As a result of these negotiations, the medical center will see significantly increased financial support for our academic programs and the responsibilities and relationships between these two entities have been much better defined. For the cancer program this affiliation agreement means a significantly increased stream of revenue from the hospital and places the responsibility for

developing, fostering, and implementing clinical oncology strategic planning with the KU Cancer Center. As such the Deputy Director for the Cancer Center will report directly to the KU Hospital CEO and in turn is responsible for ensuring the operational excellence of all oncology services.

The University of Kansas Hospital will pay \$500,000 to join the Cancer Partners Advisory Board, will provide \$500,000 of direct support for the clinical trials office, and will maintain a fund to support clinical research projects. One million dollars per year will be placed into this fund which if not completely spent will roll over to the next fiscal year. In total this means that the hospital will increase its direct support for the KU Cancer Center from \$500,000 per year to \$2 million per year.

The affiliation agreement also creates a Cancer Partners Advisory Board which will allow participation by regional health care institutions and research entities in the strategic planning process for the cancer initiative. This group will address a variety of issues but will be primarily focused on harnessing resources and assets throughout the bi-state region to accomplish the goal of developing an NCI designated comprehensive cancer center.

We have also witnessed a significant expansion and upgrade of our clinical facilities which began with the opening of the KU Hospital's new Westwood Campus in July 2007. This newly renovated 55,000 sq. ft. complex provides state of the art diagnostic and treatment facilities for nearly all cancer outpatient services. This new facility represents more than a doubling of available clinic space.

The inpatient units for both medical oncology and the bone marrow transplantation service were also completely renovated and expanded this year and opened February 1, 2008. The inpatient unit has gone from 35 to 55 beds and provides state of the art treatment facilities and air handling capabilities for immune compromised patients.

The decision was also made to purchase a Novalis Tx Linear Accelerator for the administration of image guided radio therapy. This unit represents a state of the art linear accelerator that will be able to significantly expand our capabilities in a variety of different treatment scenarios.

We have also initiated construction and are nearing completion in spring 2008 of the SBCIII Plus research building on the West Campus of the University of Kansas in Lawrence. This facility houses important components of the drug discovery and development research program for the KU Cancer Center. It is a 35,000 sq. ft. facility that will house the laboratory of several of our new recruits and the high throughput screening shared resource.

The newly hired imminent scholar from the Kansas Bioscience Authority, Dr. Blake Peterson, will locate his laboratory in this facility along with the CMLD laboratory of Dr. Jeff Aube. This state of the art facility located immediately adjacent to the multidisciplinary research building constructed last year will considerably enhance the coordination of our drug discovery and development enterprise and provide state of the art facilities. In addition to housing Dr. Peterson's research, Dr. Sitta Sittampalam, our newly recruited Deputy Director of the Office of Therapeutics, Discovery, and Development, will be locating to this facility to oversee high throughput screening in conjunction with Dr. Rathnam Chaguturu. This new building highlights the tremendous growth in personnel, expertise and capabilities that the Office of Therapeutics, Discovery, and Development has undergone in the last year and will set the stage for the further success of this program. Our goal is to be the number one academic generator of oncology agents and this program has positioned us closer to achieving this goal.

As an example of the progress they have made, the Office of Therapeutics, Discovery, and Development has been selected as the major academic drug development partner for the Leukemia and Lymphoma Society. Under this arrangement compounds that Leukemia and Lymphoma Society investigators wish to study for therapeutic potential will work with members of the KU Cancer Center and Office of Therapeutics, Discovery, and Development. We hope that this is just the first of many such relationships with patient advocacy groups, academic medical centers, and pharmaceutical companies to provide a wide range of preclinical drug discovery expertise.

The past year also marked the launch of the Midwest Cancer Alliance (MCA). The MCA is the primary vehicle for outreach activities of the KU Cancer Center throughout the region. The formal launch of the MCA was January 28, 2008, and we have secured five founding partners including hospitals in Goodland, Pittsburg, Hutchinson, Topeka and Kansas City, Kansas. The MCA will provide a clinical trials infrastructure throughout the state and region and allow us to open cancer clinical trials at a variety of institutions across the state—giving patients across Kansas access to the latest therapies and treatments. The MCA will also provide continuing medical education, consulting services, and assistance with recruitment and program planning.

This year promises to be an exciting year for the development of the KU Cancer Center. We have a number of critical tasks before us that will be essential to our continued progress toward developing an NCI Designated Comprehensive Cancer Center. Perhaps none of those tasks is more important than the recruitment of an Associate Director for Clinical Research. It is our intention to recruit to this position a world class medical oncologist and Phase I clinical trial specialist. With our strong emphasis in and commitment to this particular aspect of clinical research we feel that it is essential that we recruit a nationally recognized expert on Phase I clinical trials.

In addition it will be critical for us to further define and build our five existing cancer research programs. Three of our programs are well on their way to developing an outstanding reputation for the depth and quality of their research program and it is our intention to solidify the status of our two emerging programs in the upcoming year as well.

A major focus for 2008 will be to further grow and enhance the Clinical Oncology program at the University of Kansas Medical Center. Key initiatives to accomplish this objective will include the recruitment of a new chairperson for Radiation Oncology and initiating the Oncology Service Line Committee chaired by our deputy director, Dr. Karen Kelly, and co-chaired by the deputy director of Cancer Services for the KU Hospital, Jeff Wright. This committee will be responsible for ensuring that oncology services across the entire medical center adhere to the highest standards of care.

While clearly we have many challenges and opportunities that lie ahead we are excited about the momentum that has developed around this initiative and look forward to building a world-class cancer research and treatment facility you can be proud of and one capable of making a difference for the citizens of Kansas.

I appreciate this opportunity to visit with you and again, thank you for your service to Kansas and for all that you do to support the University of Kansas Medical Center as we work to enhance the health of Kansans. I would be happy to respond to any questions.

Respectfully submitted,

Barbara Atkinson, MD