

Testimony Before the House Committee on Health and Human Services

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House Resolution 6006

by

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Chairwoman Landwehr and members of the committee:

I am pleased to have this opportunity to appear before you and share with you some exciting developments at the University of Kansas Medical Center. It was recently announced that the medical center has entered into separate letters of intent with Saint Luke's Hospital and the University of Kansas Hospital to pursue broader affiliations with each institution. The parties are now working on the details of these new partnerships and I am hopeful that the major issues involved will be resolved in the next several weeks.

I appear before you today as the Chancellor of the University and as Vice Chairman of the Board of the University of Kansas Hospital Authority.

Much like my appearance before the Joint Committee on Legislative Budget in December, my purpose today is to provide you with an update on why the University of Kansas is pursuing these affiliations and why such partnerships are good for Kansas. I will also address why House Resolution 6006 is unnecessary and may, if enacted, have some fairly significant and costly, unintended consequences to our state. Most important, I want to leave plenty of time to respond to your questions.

The University of Kansas Medical Center exists to educate and train health professionals and scientists, people who are committed to discovering cures for diseases that afflict us, and delivering those cures to the people of Kansas and the region.

An academic medical center consists of two basic elements: a medical school and its primary hospital. The medical school is where the research and the teaching take place; further research and teaching by the medical faculty and the delivery of cures take place at the hospital. The quality of an

academic medical center is determined by the quality of its medical school, its allied health and nursing schools, and its hospital and the extent to which all focus on discovery and delivery of cures.

In the last few years The University of Kansas Hospital has become financially and administratively sound. The creation of a KU Hospital Authority Board and restructuring of the hospital in 1998 put into place an administrative team that has carefully managed the hospital. The KU Hospital has gone from a place with serious problems to a financially successful hospital with a proud record of superb care.

Unlike community and for-profit hospitals, an academic medical center hospital must re-invest its profits into the medical school and its faculty to promote the basic research and teaching that give rise to the discovery of cures. Kansas state statute requires this re-investment. In every academic medical center there is a tension in striking the right balance between meeting the financial needs of the hospital and investing in the medical school. The best administrators and the best hospital boards understand this and find that right balance.

As important as the relationship is between a medical school and its primary hospital, the best academic medical centers must expose their students to many types of patients, procedures and styles of care in order to produce the very best physicians. This requires that a medical school affiliate with more than one hospital. A single hospital cannot sustain the requirements of a large and growing medical school.

In fact, a majority of the top 25 academic medical centers in the U.S. have multiple major hospital affiliations. This is the norm rather than the exception.

We currently have multiple affiliates, including the two largest hospitals in Kansas - Wichita's Via Christi Regional Center and Wesley Medical Center. In Kansas City, we have decided to affiliate with additional hospitals to train more doctors and better educate them. Broad affiliation also is necessary if the KU Medical Center is to achieve its goal of becoming a National Cancer Institute-designated cancer center - the gold standard for cancer care. Expanding our research effort to seek cures for cancer is KU's No. 1 goal. We are far less likely to attain our cancer center goal without these affiliations.

The Director of the KU Cancer Center, Dr. Roy Jensen, has confirmed that our university's quest for National Cancer Institute designation for our cancer center will be aided by greater collaborations with hospitals in our region. In fact, obtaining such a designation may be impossible without such partnerships.

KU's application for NCI designation requires significant levels of collaboration among health care institutions.

In order to achieve NCI designation as a comprehensive cancer center, KU will have to enlist the support and partnership of our region's leading health care providers. Obviously, the KU Hospital Authority will lead the way, but to be successful we must also have the major hospitals in Kansas City, Wichita, and in the region behind our application. These hospitals could choose to affiliate with other cancer centers, such as the one in St. Louis, and in doing so would significantly compromise our region's ability to obtain NCI status at our state's academic medical center.

The affiliation with these partners will ultimately make it possible for us to train an additional 100 doctors a year at an annual cost in excess of \$10 million, which will be paid to the KU Medical Center entirely by these new hospital partners. As the state's only medical school, we are eager to train 100 additional doctors every year. Since more than half of all practicing physicians in Kansas are graduates of our medical school or residency programs, we are confident that this affiliation will make more doctors available to serve Kansas communities.

In addition to other benefits, these broader affiliations are supported by a broad-based group of corporations and private donors that has pledged \$150 million new dollars to support the expanded research and education vision of our medical center in partnership with other life sciences institutions. This is a staggering level of private investment in our state's academic medical center and one that is necessary for us to achieve our goal of obtaining top 50 status in National Institutes of Health funding.

The positive economic impact of such growth would be impressive as well. Take for example the University of Iowa, which ranks 30th overall in National Institutes of Health funding: they contribute \$4.1 billion in total state business volume impact, based on a study released just last month.

KU, by comparison, ranks 81st in NIH funding and contributes \$1.3 billion in total state business volume impact—an impressive contribution, but you can easily see how moving up in the rankings could provide a significant economic windfall for our state.

Medical research and education are expensive and complicated. But the fundamental purpose of KUMC is simple: making the people of Kansas and the United States healthier. The superb doctors and researchers at the KU Medical Center, KU Hospital, Saint Luke's, Children's Mercy Hospital, the Veterans Administration Hospitals in Kansas City, Leavenworth, Topeka and Wichita, as well as our medical faculty and partner hospitals in Wichita, Salina, and Topeka, are part of a vibrant network of talent focused on this fundamental purpose.

As we work to finalize definitive agreements, let me reassure you, as I did the Legislative Budget Committee, of the issues that are **not** on the table:

- We will not support any partnerships or affiliations detrimental to the future of the KU Hospital or the patients it serves.
- We will not support affiliations that transfer Kansas taxpayer dollars to directly benefit Missouri-located institutions.
- We will only support affiliations which, in accordance with national graduate medical education guidelines, provide KU Hospital with an appropriate number of resident physicians.
- We will not support any affiliation that would compromise our commitment to train doctors for Kansas or to serve indigent Kansans.
- These affiliations are not being pursued to provide KU-based researchers with access to Missouri-based locations for the purpose of conducting stem cell research. In fact, St. Luke's hospital does not do stem cell research.
- We will only support affiliations which advance the vision of creating and sustaining new levels of excellence in the KU School of Medicine—and thereby contribute to improving the health of our state and region.

We believe in responsible, ethical medical research that is recognized by the National Institutes of Health, and that gives patients access to cures that save lives.

We will keep the Kansas Board of Regents and the Kansas Legislature fully briefed on these affiliation discussions as we move forward—and at all times we welcome your feedback and look forward to addressing your concerns.

Finally, I would urge caution in adopting a resolution such as this. Its wording would require significant new administrative processes in order to comply with its intent, and the restrictions imposed by it could easily prevent many promising and productive agreements from going forward. The language of the resolution would prevent the KU Hospital and the KU Medical Center, including our campus in Wichita, from entering into any commitment for any affiliation with other hospitals, institutions or entities without legislative approval.

While we always welcome the opportunity to respond to any concern you may have about the University of Kansas, we believe that an effective and sound system of oversight already exists. The Medical School, Nursing School, and Allied Health Professions must follow national accreditation guidelines in all of its programs, and accreditors periodically review these programs. The University of Kansas Hospital is governed by an authority board appointed by the governor and approved by the Senate. The University of Kansas is governed by a Board of Regents appointed by the governor and confirmed by the legislature. These entities are bound by state law to pursue and achieve a specific mission to benefit the state and its citizens. We believe that the appropriate levels of oversight already exist and that this resolution is therefore simply not necessary in order to protect the interests of the state.

An academic medical center has literally hundreds of affiliations, ranging from agreements to place nurses in hospitals for practicum training, to agreements sharing life-saving medical equipment to transplant a baby's liver. Lives are saved every day because affiliations have been arranged. It would be counter-productive to make each of those transactions subject to legislative oversight.

Let me assure you the University of Kansas remains fully dedicated to discovering and delivering more cures to Kansans, creating better health, training more doctors, training better doctors, training other health care professionals, and contributing to the economic vitality of our state. The achievement of all of these goals is enhanced as a result of the affiliations currently being pursued.

Thank you for your consideration and attention. I would be pleased to respond to your questions.