

**Testimony before the Legislative Post Audit Committee
In Response to the Performance Audit Report:
“KU Medical Center and KU Hospital: Reviewing Selected Operational Issues”**

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Chair Mast, Vice Chair Jordan and Members of the Post Audit Committee:

It is my pleasure to appear before you today in response to the report of the Legislative Post Auditor entitled, “KU Medical Center and KU Hospital: Reviewing Selected Operational Issues.” Let me begin by commending Barbara Hinton and the dedicated team of auditors from the Legislative Division of Post Audit. The questions raised in the scope of this audit are fairly easy to articulate, but crafting insightful and complete answers to those questions required the legislative post audit team to synthesize a great deal of complex information in a relatively short period of time. Throughout this process they demonstrated a level of skill and professionalism that is a credit to the Kansas Legislature. We appreciate the seriousness with which they dug into these questions and I believe that the results of this audit will serve a very valuable purpose—to better educate policymakers and the public about their academic medical center. The results of this audit are very encouraging and I am pleased to be here today to discuss any questions the audit may have prompted for you.

I am pleased that this audit provides me with another venue in which to trumpet the tremendous progress that has been achieved at the KU Medical Center. This progress has been achieved by a dedicated team of educators, physicians, nurses, researchers, students and staff members at both our Kansas City and Wichita campuses.

Kansans have reason to be very proud of what has been accomplished in the last five years and this audit illustrates a few of the many ways the medical center has flourished.

At our core is a mission of education, research, outreach, service and exceptional patient care. Each facet of this mission is essential and each is integrated with the others. We also act as one medical center—deploying our resources across all of the KU campuses and in concert with many other community partners—to effectively achieve our mission.

There are some who would seek to frame the various aspects of our mission as competing priorities within the medical center. It is simply not appropriate to do so. We are a complex enterprise designed to provide exceptional students with extraordinary educational experiences, to discover new knowledge and convert that knowledge into new treatments and cures, to bring the strengths of our medical center to every corner of

our state and to make certain the patient is always at the center of what we do. Each facet of our mission compliments the other and together helps us achieve our vision of improving the health of Kansans.

I want to underscore several important findings presented in this audit.

Our goal has always been to maximize the investment from Kansas taxpayers in their medical center. One of the primary ways we do this is to leverage the state operating grant by successfully competing for external funding, primarily from the federal government. This allows the medical center to serve as a significant economic enterprise, bringing money from outside of our state to be spent here in Kansas, creating jobs and purchasing goods and services, all in our quest to discover new treatments and cures. Between FY 2001 and FY 2007 research spending increased from \$48 million to \$91 million which represents a nearly 90% increase. This increase reflects the productivity of our faculty and their success in competing for research grants. We believe this growth is also congruent with the legislature's increased interest in growing the life sciences in Kansas.

During this same time, the state operating grant increased on average only 2.2% per year. State funds accounted for only \$800,000 in research spending growth. Research spending from sources other than the state has grown 93% between 2001 and 2007. This is particularly remarkable in light of stagnant growth in federal NIH funding levels over the past several years.

And as the research enterprise has grown, so to has our commitment to education. The audit details that we have not pursued research at the cost of education. At our core we are an institution committed to training health care professionals for Kansas.

The laboratory is not the only place in which we innovate; we do so in the classroom as well. In the past two years we have deployed a new curriculum in our School of Medicine which reflects our commitment to remain on the cutting-edge in training the doctors of tomorrow. It provides a rich problem-based learning environment, many small group interactions, fewer lectures and integrates new technology in teaching. The planning for this curriculum took several years to complete and the faculty on our Kansas City and Wichita campuses worked together on this initiative. As a result of this change we have already seen the number of students applying to the school increase—reflecting the fact that the new curriculum is the way today's students want to learn.

In considering the data presented in the audit, we concluded that some expenditures related to education were not included among the education spending detailed in the audit. In our response, included as an appendix to the audit, we have shared data which more appropriately defines some expenditures as education-focused.

The audit also addresses the allocation of resources between the medical center's Kansas City and Wichita campuses.

To evaluate this data one must remember the unique role the Wichita campus was designed to play in our overall mission and how the Kansas City campus provides a number of centralized support services that are not included in Wichita expenditures.

The Wichita campus provides the School of Medicine with a rich environment in which to train third and fourth year medical students. About 55 members of each class complete the last two years of their undergraduate medical education in Wichita. These years are primarily dedicated to providing students with clinical experiences. The expertise of the Wichita faculty has helped prepare many of these students for careers in family medicine—the kind of doctors many Kansas communities need. When combined with the commitment to primary care education in Kansas City, the KU School of Medicine has been ranked as the number one school in the nation for producing family medicine doctors for the last two years. That is a record we are very proud of and you should be too.

Our success in educating students in Wichita is dependent on a community-based model. This model has relied on volunteer faculty members and a close working relationship with the Wichita hospitals, guided by a full-time faculty, to provide an exceptional training ground for physicians.

In addition to the education of undergraduate medical students, Wichita hospitals are an important venue for graduate medical education or residencies. These residencies are funded through the Wichita Center for Graduate Medical Education in which the KU School of Medicine is one of three, governing partners.

Emerging accreditation standards will require additional resources be directed to graduate medical education in Wichita. In addition to a rich clinical experience, accrediting organizations are also looking for increased scholarly activity and research among both students and faculty. It is unrealistic to assume that this research and scholarly activity can be grown without compensating faculty to provide these experiences. Consequently, in partnership with the hospitals in Wichita, we support additional resources dedicated to addressing this need.

I am pleased to report that on Thursday and Friday of last week, close to 50 stakeholders convened in Wichita at the invitation of the KU School of Medicine to discuss the future of primary care education in Kansas. We engaged in a facilitated retreat designed to define the issues, establish priorities and develop a shared vision around which requests for new resources to support primary care education would emerge. This was a very productive meeting and we agreed to an ongoing process to focus our agenda and develop action steps. I look forward to sharing with you the results of these discussions as we move forward.

To be clear, our Wichita campus is not designed to support basic, laboratory based research and they are not requesting funding for such research. We do, however, share an interest for our Wichita campus to expand clinical and translational research and research

related to looming public health trends. There is a rich base of patients and expertise upon which a clinical and translational research program can be built.

Attached to the audit, as part of our response, is a letter from Ed Dismuke, Dean of our Wichita campus detailing the perspective of our Wichita campus on the issues presented in the audit.

Finally, let me address the findings of the audit regarding the relationship between the University of Kansas Medical Center and University of Kansas Hospital. First, while the two entities have been legally separate since 1998, the fact remains that both entities best function as a part of a fully-integrated academic medical center.

The University of Kansas Medical Center and the University of Kansas Hospital have both enjoyed phenomenal success in recent years. But it is clear that the affiliation agreement that was appropriate nearly ten years ago is no longer useful in defining the relationship between the two. Clearly, the hospital's financial success provides a sound basis for the hospital to now more aggressively fulfill its statutorily imposed mission of support for the medical center.

Working together, the leadership of the KU Hospital and KU Medical Center are crafting a new affiliation agreement to appropriately redefine the relationship. I am very optimistic and hopeful that we will achieve an agreement in the near future.

Bob Page, the new President and CEO of KU Hospital, has ushered in a new era of constructive engagement which I hope is a precursor to a new relationship built on mutual respect and trust, grounded in transparency and accountability and guided by a shared vision and joint strategic and resource planning. I pledge to you my best efforts to work together with Bob to maximize the relationship between our two organizations for the benefit of our students and patients and to serve the needs of Kansans.

The new frontiers of health present exciting opportunities but they also produce new challenges. With your continued support, we will be able to exploit these opportunities and address these challenges as we seek to achieve our vision for a healthier Kansas.

I appreciate your consideration of these issues and I look forward to responding to any questions you may have.

Thank you.

Respectfully submitted,

Barbara Atkinson, MD