

Approved: February 11, 2008

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND TECHNOLOGY COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:36 P.M. on February 7, 2008, in Room 526-S of the Capitol.

All members were present except Representatives Johnson and Holland, both of whom were excused.

Committee staff present:

Mary Galligan, Kansas Legislative Research Department
Jennifer Thierer, Kansas Legislative Research Department
Renae Jefferies, Office of Revisor of Statutes
Gary Deeter, Committee Assistant

Conferees appearing before the committee:

Barbara Atkinson, MD, Executive Vice Chancellor and Executive Dean, University of Kansas School of Medicine
Bob Page, Chief Executive Officer and President, University of Kansas Hospital

Others attending:

See attached list.

The minutes were approved for February 5 and February 6. (Motion, Representative Loganbill; second, Representative Ruiz)

The Chair welcomed nursing students from Colby Community College and commented on some of the unique characteristics of the Committee.

The Chair welcomed Bob Page, Chief Executive Officer and President, University of Kansas Hospital (KUH), who, with Barbara Atkinson, MD, Executive Vice Chancellor and Executive Dean, University of Kansas School of Medicine (KUMC), provided testimony regarding the affiliation agreement between the KUH and KUMC (Attachments 1 and 2).

Mr. Page said that after 18 months of negotiations among the KUH, the KUMC, and the University of Kansas Physicians, Incorporated (KUPI), an agreement was finalized in December 2007; he commended the principal negotiators: James Albertson, Senior Associate Dean of Finance in the School of Medicine; Kirk Benson, MD, President of KUPI; and Scott Glasrud, Chief Financial Officer and Senior Vice President of KUH.

Mr. Page commented on the agreement, saying that

- KUH will continue to be the “primary academic clinical, teaching, and research hospital of KUMC”;
- KUH and KUPI will be the primary providers of all inpatient and outpatient clinical services for which KUMC-employed physicians provide clinical services;
- The Kansas City campus (KUH, KUMC, and KUPI) will remain the primary site for the KUMC research in Kansas City;

CONTINUATION SHEET

MINUTES OF THE House Government Efficiency and Technology Committee at 3:36 P.M. on February 7, 2008, in Room 526-S of the Capitol.

- All clinical department chairs and clinical division directors in the Kansas City area will be located on the Kansas City campus;
- All parties will consult with the others before developing new clinical programs or recruiting new clinical physicians.

Mr. Page commented on the benefits to patients from the affiliation agreement; among them: a new medical office building and garage will be jointly funded by KUH and KUMC; KUH will fund an additional 100 residents; physician pay incentives will be tied to performance measures; and a new medical records system will be implemented. Regarding the cancer program, he said that the KUH will continue the clinical operations, that the Cancer Center Director will be included in the KUH management structure, and that KUH and KUMC will jointly use the unmodified brand, "KU Cancer Center." He explained that in order to receive the NCI (National Cancer Institute) designation, a Cancer Partners Advisory Board was formed to include major hospital and research centers across Kansas as well as representatives from other regions; each organization will contribute \$500,000 to be included on the Board.

Mr. Page and Dr. Atkinson responded to members' questions:

- The Wichita Center for Graduate Medical Education (WCGME) is considered a separate entity.
- The KUH will provide funding for construction and maintenance of the new medical building.
- The information system is backed up every evening and includes off-site storage. The clinical computers are called "Computers on Wheels."
- The 100 new resident physicians will be located in Kansas. An additional 100 residents will be added over a period of 10 years at St. Luke's in Missouri.
- St. Luke's will share in the KUH/KUMC "brand" only in relation to the Cancer Center as follows: "Partner of University of Kansas Cancer Center."
- The Cancer Center approach to care is based on a multi-disciplinary model.
- Funding will come from the KUH operations, with proposed increases in funding covered by a five-year plan that incorporates a growth factor and new funding streams.
- The Advisory Board will include the Stowers Institute.

Dr. Atkinson continued the presentation, speaking highly of the new programs initiated during the past year: the Westwood campus for cancer treatment, an endowed chair for clinical trials, and the beginning of Phase I clinical trials in Wichita. She stated that, besides the Advisory Board mentioned previously, a Midwest Cancer Alliance Group was formed to include smaller hospitals at Pittsburg, Hutchinson, Goodland, and Stormont-Vail in Topeka. She explained that KUMC and KUH will develop a KUH resident plan, with KUH as the primary clinical site for all resident programs. She listed the financial advantages of the affiliation agreement, commenting that the agreement will allow KUH, KUMC, and the physicians to share in growth, providing more and better doctors for Kansans. She noted that the St. Luke's/KUMC affiliation was approved by St. Luke's board in September 2007, an agreement that will add 75-100 new residents to St. Luke's over 10 years, with St. Luke's paying full resident costs. St. Luke's will be able to collaborate with KUMC in research and will receive the designation "Major Teaching and Research Hospital."

CONTINUATION SHEET

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Dr. Atkinson responded to members' questions:

- With the assistance of telemedicine, the small-hospital Alliance will enable Kansans to receive quality care near their homes.
- In order to join the Alliance, a hospital pays up to \$50,000.
- The Wichita program focuses on family medicine.
- The Kansas City program is at capacity, 175 students. The Wichita program has physical capacity for expansion, but needs more faculty. In order to meet new accreditation standards, Wichita must add more paid teaching faculty (presently many are volunteer) and augment clinical research.
- Any expansion at KUMC or WCGE will require new money or curtailment of present programs.
- KUMC residents are funded through the KUH, some of which is federal money, through the KUMC budget, and through the State General Fund (SGF). KUH faculty are paid from their own practice, from SGF, and from grants. There are 50 full-time faculty in Wichita and 900 volunteer faculty; the new accreditation rules require more paid faculty. At Kansas City the new faculty will be paid from KUH funds.
- The administrator at the WCGME has been involved in all the budget discussions.
- The financial incentives in place will assist in recruiting new physicians at the KUH.
- Even though the Cancer Center receives the most publicity, the KUMC continues to improve its core functions, such as emergency services and intensive care. The KUH is ranked #5 in the nation in quality of care.
- All physicians must receive a faculty appointment, whether paid or volunteer.

Dr. Atkinson replied that she will provide members an itemized list of revenue streams and expenditure outflows.

Members referenced the recommendations of the Kansas Health Policy Authority and raised the issue of accelerating health-care costs, asking the conferees what can be done to reduce health-care costs. Dr. Atkinson said there is no comprehensive solution, but the KUMC's Health Policy and Management initiative is addressing the issue. Mr. Page said that KUH is now focusing on outcomes rather than processes, a tracking process that should provide the best patient outcomes with minimum costs. He noted that there is no continuity in how a hospital gets paid. Dr. Atkinson agreed with a member that electronic medical records will reduce duplication, but the up-front costs for small hospitals and doctors' offices is daunting. She replied that KUMC receives grants for specific projects, but there is little interest for overall wellness initiatives. She responded that the School of Pharmacy is separate from KUMC with a separate dean, even though the School of Pharmacy will share the WCGME facility.

The meeting was adjourned at 4:50 p.m. The next meeting is scheduled for Monday, February 11, 2008.

HOUSE GOVERNMENT EFFICIENCY AND TECHNOLOGY COMMITTEE

GUEST LIST

DATE: FEBRUARY 7 2008

NAME	REPRESENTING
Barbara Cebalson	KU Medical Center
Ed Phillips -	KUMC
Kathy Wagoner	KU Hospital
Bob Page	KU Hospital
DAVID ADKINS	KUMC
Sherry Thomas	CCC
Hilda Chavez	CCC
Amy Lewin	CCC
Juli McVerney	CCC
CATHERINE CLARK	STUDENT NURSE CCC
Andee Mitchell	CCC
BILL CLIFFORD, MD	KSEPS
Allison Peterson	Kansas Medical Society
Doug Swink	Prager, Smith & Associates
Chris Clarke	Post Audit
Bill Sneed	WKHA
Cindy Denton	Budget
Derek Glasgow	Intern for Rep. Trimmer
Lindsey Douglas	Hein Law Firm
Bob Kraft	self (Doc of the Day)
Lacy Brown	CCC

**Testimony Before the House Committee on Government Efficiency and Technology
Thursday, February 7, 2008
3:30 pm, Room 526-South, Kansas Statehouse**

**by
Bob Page, President and CEO, University of Kansas Hospital
and
Barbara Atkinson, MD, Executive Vice Chancellor, University of Kansas Medical
Center and Executive Dean, University of Kansas School of Medicine**

Mr. Chairman and Members of the Committee:

It is our pleasure to appear before you today at the request of Chairman Morrison to provide you with an update on the progress that has been achieved in forging a new affiliation agreement between the University of Kansas Hospital and the University of Kansas Medical Center.

During the 2007 Legislative Session this committee took a keen interest in the affiliation issue. We appreciated the concerns you shared then and we believe we have been responsive to those concerns in crafting our new partnership. We share your belief that both the University of Kansas Medical Center and the University of Kansas Hospital are vital to meeting the health needs of our state and its citizens. Together, as the state's only academic medical center, we are committed to providing exceptional patient care, excellent educational opportunities, strategic outreach and leading edge biomedical research. The agreement reached last month between the university and hospital provides a sound foundation upon which we can achieve even more together.

Throughout our negotiations we confronted many challenging and complex issues. With the commitment of a dedicated team of professionals our campus ultimately came together around an agreement we believe enhances our ability to fulfill our shared mission of improving the health of Kansans.

A new affiliation agreement has been approved by the University of Kansas Hospital Authority Board of Directors and the Kansas Board of Regents. This agreement replaces the previous agreement that was put in place nearly a decade ago. Our purpose in appearing before you today is to share with you the essence of this new agreement and why we believe it represents a "win-win" for all involved.

In addition to our institutions, Kansas University Physicians, Inc., our physician practice group, is a party to the new agreement. KUPI represents a valued partner in clinical care, education and research and their participation enhances the outcome achieved. Kirk Benson, MD, President of KUPI, could not join us today as he was previously scheduled to preside at a meeting of the KUPI Board of Directors this afternoon. We want to commend his valuable participation in the negotiations which resulted in the new agreement.

*Attachment 1
HGET 2-7-08*

We hope Kansans justifiably take pride in the excellence that has been achieved at both the University of Kansas Hospital and the University of Kansas Medical Center. These agreements allow us to build on that success.

The agreement enhances the University's quest to achieve National Cancer Institute designation for the KU Cancer Center, it expands the number of physicians trained at KU by increasing the number of residents at the KU Hospital, it provides for expanded use of enhanced electronic medical records, it provides for a new building for outpatient care, and it better aligns the clinical enterprise across all three institutions. It provides more opportunities for Kansas students, it enhances support for research and it puts the patient first.

Importantly, it also creates a framework for collaborative joint planning giving us a tool to agree upon shared priorities and how best to fund those priorities. We are confident the new affiliation agreement provides a promising foundation upon which we can together achieve even more for our patients, students and state.

We recognize that at this point the agreement is just words on a page. We must now go about the work of giving the agreements life. We stand committed to work together to implement these agreements in a way that allows us to achieve their full promise. With your continued support we are confident Kansans will continue to look to their academic medical center as a valued source of hope and healing.

For this briefing we will rely on the power point presentation attached to this testimony.

Kansas House Government Efficiency and Technology Committee

February 7, 2008

Bob Page, President and CEO, University of Kansas Hospital

Barbara Atkinson, MD, Executive Vice Chancellor,
University of Kansas Medical Center and
Executive Dean, KU School of Medicine

Overview

- After 18 months of negotiations regarding a comprehensive Affiliation Agreement for the KUMC Campus, KUMC, KUH and KUPI representatives have completed a final draft of a five year Affiliation Agreement.
- In December, the respective boards of all three parties authorized leaders to approve the agreement.
- Finalization of agreement exhibits is continuing and execution will take place shortly thereafter.

Role of the Parties

- KUH will continue to be the “Primary Academic Clinical, Teaching and Research Hospital” of KUMC.
- KUH and KUPI will be the primary providers of all inpatient and outpatient clinical services for which KUMC-employed physicians provide clinical services.
- The Kansas City Campus, which includes KUH, KUMC and KUPI, will remain the primary site for the KUMC research enterprise in Kansas City, and all clinical faculty will be eligible to participate in all aspects of KUMC-sponsored research.
- All Clinical Department Chairs and Clinical Division Directors in the KC area will be located on the Kansas City Campus (KUMC, KUH and KUPI locations excluding other hospitals).
- All parties will consult with the others before developing new clinical programs or recruiting new clinical physicians.

Patient Benefits

- New Medical Office Building and new 600 car garage to be jointly funded by the Hospital and the University.
- An increase of up to 100 additional residents trained at KU Hospital.
- Physician recruitment enhanced.
- Hospital's new medical record system implemented throughout the clinics.
- Develop ambulatory care practice standards within one year and facilitate performance improvement efforts to meet standards.
- Physician pay incentives tied to performance measures including patient satisfaction.
- New funding for cardiovascular research on Kansas City campus.

Cancer Program

➤ KUCC Operating Model:

- KUH will continue to operate and bill for the clinical operations.
- Cancer Center Director (or designee) will be included in the KUH management structure as Medical Director of the Oncology Service Line.
- A Cancer Center Service Line Committee will be developed to provide the vision for clinical oncology, recommend capital investments and ensure coordination of clinical care and research components.
- KUH and KUMC will jointly use the unmodified brand “KU Cancer Center.”

Cancer Program

➤ Community Partnerships:

- Cancer Partners Advisory Board (CPAB) will consist of major hospital and research centers across Kansas and the region that will advise KUMC on NCI efforts, with KUH as a founding member.
- For the initial term of the agreement, never more out-of-state hospitals than Kansas hospitals.
- Primary roles would be to advise KUCC regarding:
 - Pursuit of strategies to achieve NCI designation.
 - Leverage research programs within the region.
 - Assist in philanthropic efforts.
 - Evaluate potential investments of a scale that demand collaboration.

Graduate Medical Education

- KUMC and KUH will develop a KUH Resident and Sizing plan by program.
- KUH agrees to financially support up to 100 new resident positions.
- KUH will be the primary clinical site for all resident programs unless educational resources are not available.
- An Advisory Committee, with representatives of the major hospital affiliates, will advise the GMEC concerning resources available.

Financial Support

Advantages

- Aligns incentives of Hospital, KUPI and University.
- Allows for funding of all three missions (in first year of contract, funding exceeds \$46M):
 - Clinical
 - Medical Education
 - Research (Unrestricted)
- Provides KUMC predictability for Unrestricted Mission Support equal to 1.5% of Hospital patient net revenue.
- Supports the KUPI infrastructure and efforts to enhance ambulatory patient care.

St. Luke's/KUMC Affiliation

- St. Luke's Board approved affiliation on 9-21-2007
- 10-15 new residents during the next few years
- 75-100 new residents over the 10 year term
- St. Luke's to pay full resident costs
- Collaboration in research
- St. Luke's to pay for KUMC research resources used
- St. Luke's to pay unrestricted mission support
- St. Luke's as a "Major teaching and research hospital"
- KUMC agrees to monitor and defend KUH branding rights ⁹

Overall Benefits of the Agreement

- This agreement allows the Hospital, University and the physicians on our campus to grow together.
- It will provide more and better doctors for Kansans.
- It will provides more access to academic medicine for Kansans.
- The goal is to position all entities on campus to move forward and thrive together.