Department of Medicine Grand Rounds

State of the Department

"The Critical Importance of Leadership"

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October 10, 2006

Good morning and welcome to Medical Grand Rounds. This will be my fourth annual State of the Department address, and I've subtitled it "The Critical Importance of Effective Leadership" for reasons I will elucidate.

First, I'd like to thank the many individuals who helped pull together the data and information I'll be sharing with you this morning – my personal thanks to each of you. And a special thanks to Christine Newberry for coordinating the data collection and producing the PowerPoint slides.

My Sincere Thanks To:

Judy Birli Ted Bollard Kathryn Kaylor Rita Lahr Phil Masters Sharon McGarrity Christine Newberry Susan Rathfon-Coble Brian Reeves Glenda Shoop

Melba Smith Bob Stager Debbie Stevens LK Thompson David Towery Lisa Walborn Cynthia Whitener Eileen Wiley Mike Yarnell Wayne Zolko

Division Coordinators

Three years ago I introduced you to the Stockdale Paradox from Jim Collins' book Good to Great. This book has remained a nonfiction best seller for over five years now, and it ranked # 9 in last week's Sunday Patriot News. Admiral Jim Stockdale was the highest ranking officer in the "Hanoi Hilton" prisoner of war camp during the Vietnam conflict. The paradox which bears his name is the ability to confront the most brutal facts of one's current reality, whatever they may be, and at the same time, retain faith that one will prevail in the end regardless of the difficulties. So I committed three years ago to continue to confront the facts of our current reality as a Department while maintaining my faith that we will prevail and improve each year.

The Stockdale Paradox

Confront the most brutal facts of your same time current reality, whatever they may be

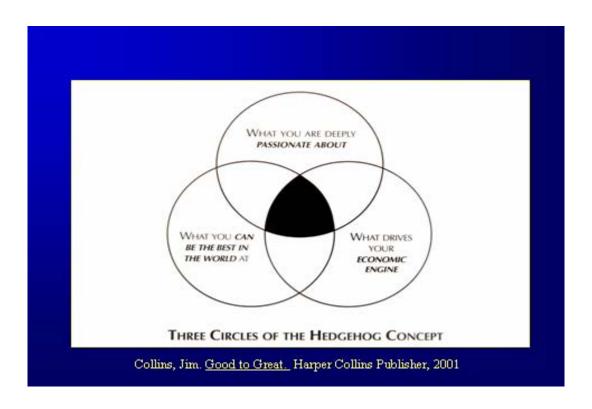
and at the

Retain faith that you will prevail in the end, regardless of the difficulties.

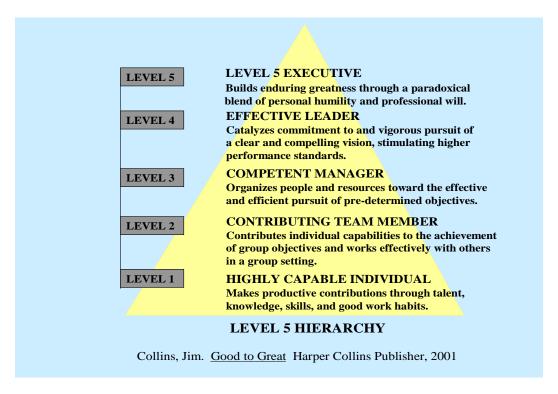
Collins, Jim. Good to Great. Harper Collins Publisher, 2001.

Two years ago I added another concept from Collins' book called the Flywheel Effect to explain why I saw a bright future ahead for our Department. Simply put, the Flywheel Effect represents a whole new level of organizational performance resulting from the accumulation and alignment of literally hundreds or thousands of discrete decisions, actions, and attitudinal changes within an organization over a sustained period of time ranging from months to years. I provided specific examples of such performance which we can take great pride in moving forward as a Department, and I continue to see evidence of such progress.

Last year I introduced you to the Hedgehog Concept from Collins' book to help explain the relationship between passion and focus as we move toward being a "great" Department. The Hedgehog Concept simply represents the intersection of three central insights of any organization: (1) what it can be the best in the world at doing; (2) what it is deeply passionate about doing; and (3) what drives its' economic engine. Success or greatness, at least in Collins's business world, derives from focusing on the intersection of these three things. I've thought more about this since last year, and in keeping with President Spaniers' vision for Penn State University and Dean Paz's vision for our College of Medicine and Milton S. Hershey Center, I believe we can and should be the best in the world at integrating our missions of education, research, patient care, and community service. We are already doing it well, but there is always opportunity for improvement. I ask each of you to think about and work together in order to become the best in the world at such integration.



In sticking with my annual lessons from Jim Collins, this year I'd like to talk about the critical importance of leadership in becoming a "great" organization. When Collins and his team were doing the research and interviews for his book, he writes that he specifically kept insisting "Ignore the executives" in order to avoid the simplistic "credit the leader" or "blame the leader" thinking which he feels is common today. However, his research team kept "pushing back" in saying "No! There is something consistently unusual about them (executives, leaders). We can't ignore them." Hence the concept of Level 5 leadership evolved from the data. Level 5 leaders exhibited the paradoxical blend of personal humility and professional will. All 10 good to great companies in Collins' book had level 5 leaders during the period of transition from good to great. Characteristics of level 5 leaders include: (1) creating superb results; (2) demonstrating an unwavering resolve to do whatever must be done to produce the best long term results, no matter how difficult; (3) setting the standard of building an enduring great organization and settling for nothing less: (4) looking in the mirror, not out the window, to apportion responsibility for poor results, but looking out the window, not in the mirror, to apportion credit for successes; (5) channeling ambition into the organization, not into oneself; (6) acting with quiet, calm determination and relying on inspired standards, not inspiring charisma, to motivate others; and (7) demonstrating a compelling modesty while shunning public adulation.



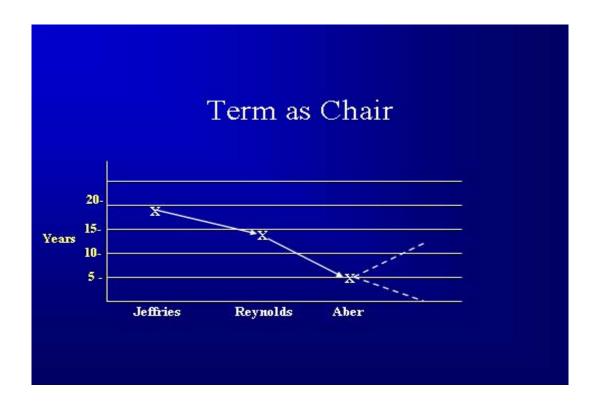
I bring this notion of Level 5 leaders to your attention this year because we are actively seeking Chiefs in the Divisions of Infectious Diseases and General Internal Medicine, and will be doing so in the Divisions of Pulmonary, Allergy and Critical Care Medicine and of Rheumatology during the next 12-15 months, and because it is likely there will be a search for my successor Chair of the Department in 2 to 4 years (if not sooner!) when I step down. I think we should learn from Collins and his team that leadership does make a difference in an organization, and that Level 5 leaders seem to be a critical factor in making the "good to great" transition.

Well now to the heart of today's presentation. I've kept the format similar to last year, and I haven't made the transition to a video version as President Spanier did in his recent State of the University address on September 15. Here's the order of the topics – Leadership and Administration; People; Space; Finances; Education; Research; Clinical Affairs; Community Service and Outreach; Scholarship; and Vision. Take note that I've added Community Service and Outreach in keeping with Dean Paz's vision to highlight our commitment, contributions, and focus in these areas. Within each topic area, I'll share some data, points of pride, examples of passion, and my thoughts about the things we should focus on accomplishing during this academic year.

Leadership and Administration

I commented last year about how remarkable it is to me that the Department has had only three Chairs since its' founding in 1969. I certainly hope each of you enjoyed the privilege of hearing from Graham Jeffries and Herbert Reynolds last week during Medical Grand Rounds. We did videotape the session and there are PowerPoint Slides available for anyone who might want to see them. I think it was an historic moment for the Department to hear from our two past Chairs, and I'd like to thank Graham and Herbert one more time for their commitment, passion, and service to the Department.

My personal belief is that there should be an external review of the Department during my fifth year as Chair, and then, depending on the results and recommendations, it may be time to begin the search for our next Chair. Of course, it could be sooner if Dean Paz elects to do so. Based on this trend line, my successor's term could be a very short one! Or if the Department is in transition from good to great, the trend line may change.



As you likely know, Brian Reeves has become Vice Chair for Research during the past year, succeeding Larry Sinoway who needs to direct his effort and time to the Penn State Heart and Vascular Institute. Brian is a true triple threat academician, and brings his critical thinking skills as a physician-scientist to the Leadership Advisory Team. I have come to appreciate and to admire his leadership, judgment and thoughtful counsel. I look forward to working with him. I'd be remiss if I didn't thank Larry Sinoway for helping to carry me and the Department for 4 years after I became interim Chair in September, 2002. Thank you Larry.

Barbara Ostrov became interim Chief of the Rheumatology Division on July 8, 2006, following Stan Naides' departure to Southern California. Barbara now wears at least three leadership hats – Chief of Pediatric Rheumatology and Allergy, acting Chair of the Department of Pediatrics, and now interim Chief of Adult Rheumatology. I've watched her take on these responsibilities with enthusiasm and commitment to creating a positive work environment. I am grateful to Barbara for helping us during this transition.

David Towery became Operations Director in the Department on August 21, 2006, and he's already engaging in a number of operational issues – backfill for UPC clinic space, staff realignment, financial analysis, institutional strategic planning, and so on – on behalf of the Department. David came to us following two years as a Financial Liaison to the Department of Obstetrics and Gynecology, Support Services, and Strategic Services. He is a Navy veteran with a B.S. in Accounting from Lebanon Valley College. He is currently working towards an M.B.A. from Lebanon Valley College. His wife, Jennifer, is a NICU nurse here, and they have three girls, including twins. Please join me in welcoming David to our Department.

Rich Simons, is Governor-Elect of the Eastern Pennsylvania Region of the American College of Physicians. Following his one year as Governor-Elect, he will serve four years as Governor and a member of ACP's Board of Governors. Past Governors from our Medical Center include Graham Jeffries, Herbert Reynolds, and me. Rich has also become a member of the Internal Medicine Residency Review Committee during this past year.

Phil Masters, interim Chief, Division of General Internal Medicine and Vice Chair for Education in the Department, is President-Elect of the Clerkship Directors of Internal Medicine national organization. He will spend one year as Chair-Elect, one year as Chair, and one year as immediate past Chair in Service to CDIM

Tonya Crook, Division of Infectious Diseases, received the 2006 Leonard Tow Humanism in Medicine Award during graduation ceremonies this past May. My colleagues and I in the Division refer to her as the "Mother Theresa" of Infectious Diseases, and congratulate her on receiving this award.

Our own Charlie Chambers, Division of Cardiology, received the Society of Cardiovascular Angiography and Intervention F. Mason Sones, Jr, MD, FSCAI, Distinguished Service Award. Congratulations Charlie!

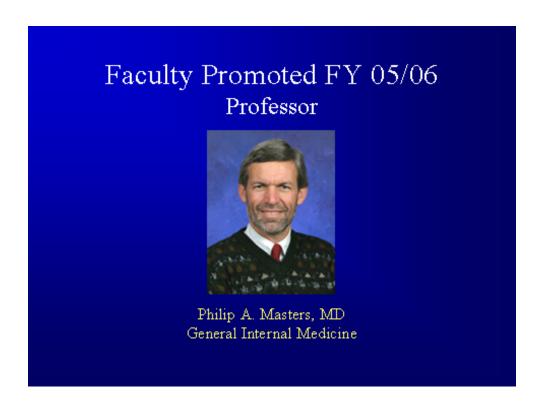
Just as a reminder of some important organization changes affecting the Department during the past 5 years – Dermatology became a Department on July 1, 2002; Neurology did so on July 1, 2003; the clinical operations and related revenues and expenses of Hematology/Oncology were transferred to the Penn State Cancer Institute on July 1, 2004; and those of Cardiology to the Penn State Heart and Vascular Institute on July 1, 2005. I point these changes out primarily to indicate the challenges in analyzing trends over time within the Department.

People

There has been net growth in faculty and staff in the Department during the past five years despite the loss of Dermatology and Neurology. The remaining Divisions are growing. This year we are projecting 163 faculty (144 physicians and 19 research faculty or CRNP's) – an increase of nearly 13% over last year. We lost 8 full time faculty last year, including three Chief Residents and one Hospitalist who started a Nephrology fellowship here. Of the remaining four – all were in Cardiology; one moved to the Lebanon VA, one became Chief of Cardiology at Bassett Healthcare, Cooperstown, NY, and two took positions elsewhere. Hence, faculty turnover is well below the 9-10% quoted nationally.

The numbers of PA's and APN's and staff have increased as well.

This was a relatively light year for Judy Birli and the Department in terms of generating promotion or tenure dossiers, but Phil Masters was promoted to Professor, and was, in fact, the only candidate for advancement from the Department last year.



Five new faculty members joined the Department last year, but following my State of the Department address in October. Please stand as your name is called – Nicholas Caravocchi, Division of Cardiology; Michael Davies, Division of Pulmonary, Allergy, and Critical Care Medicine; Margaret (Muriel) Fitzsimons, Division of Nephrology; Carla Miller, Division of Endocrinology, Diabetes, and Metabolism; and Harold Paz, Vice President for Health Affairs (Penn State), Dean of our College of Medicine, and CEO of The Milton S. Hershey Medical Center, in the Division of Pulmonary, Allergy, and Critical Care Medicine. Please join me in extending a warm welcome to our new colleagues.

Fourteen new faculty members have joined the Department at the beginning of or during the academic year so far, including three Chief Residents. Please stand as I call your name – Peter Alagona, Jr., Division of Cardiology, Salah Almokadem, Division of Hematology/Oncology; Girish Bajaj, Chief Resident; Deborah Bethards, Division Gastroenterology and Hepatology; Mary Davies, Division of General Internal Medicine (Hospitalist); Nasrollah Ghahramani, Division of Nephrology; Mario Gonzales, Division of Cardiology (EP); Irina Lendel, Division of Endocrinology, Diabetes and Metabolism, Xin Liu, Division of Hematology/Oncology; Kerim Oncu, Chief Resident; Soraya Samii, Division of Cardiology; Lakshman Sandirasegarane, Division of Cardiology; Ian Schreibman, Division of Gastroenterology and Hepatology; and Akila Sreedharan, Chief Resident. Please join me in welcoming these new colleagues to the Department.

Four faculty members completed the Junior Faculty Development Program last year – Shirley Albano-Aluquin, Division of Rheumatology; Lawrence Jones and Kristy Barnes Le, Division of General Internal Medicine, and Ronald Miller, Division of Nephrology.

Two faculty members were elected into the Alpha Omega Alpha Honor Medical Society – Cynthia Chuang, Division of General Internal Medicine, and Ali Zaidi, Chief Resident.

Space

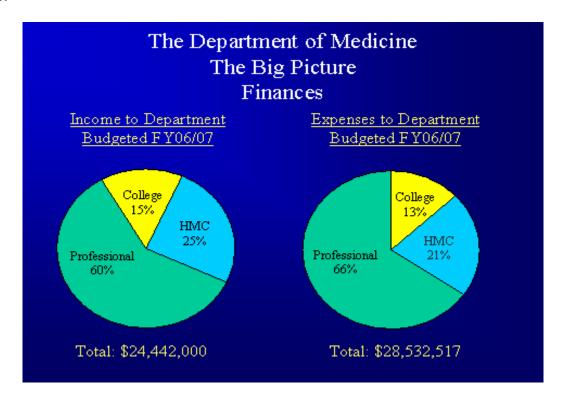
There hasn't been much change in Department space during the past three years, but we're definitely experiencing the squeeze as we add people, but not space. A few faculty now share an office, clinical trials records and personnel are being moved from wet lab space to alternative space, and research labs and offices are being relocated. All these things, and probably more, will have to continue as we recruit faculty, including physician-scientists and scientists to the Department. An unfortunate consequence of the space shortage will be that faculty who cannot sustain extramural funding for their research will likely be asked to relinquish the space they currently occupy so funded investigators can be recruited or grow their existing programs.

We also have pressing needs for clinic space in several Divisions, and programs, including Cardiology; Diabetes; Gastroenterology and Hepatology; General Internal Medicine; Hematology/Oncology; Pulmonary, Allergy and Critical Care Medicine; and Rheumatology. We are working on resolving some of these needs through the backfill of UPC process when the new East Campus clinic building opens in 2008.

Space is indeed one of the critical resources of this campus both in terms of recruiting new faculty and retaining our current faculty. We must work together to find the best solutions to challenges as they arise.

Finances

The high level financial picture for the Department this year is reflected in this slide.



We have projected or budgeted income (net revenue) of \$24.4 million and expenses of \$28.5 million. Hence, there is a budgeted \$4 million dollar investment in the Department. Nearly \$3 million of this investment is in faculty and staff salaries. These numbers do reflect transfer of the HMC and Professional income and expenses of Hematology/Oncology and of Cardiology to the Penn State Cancer Institute and the Penn State Heart and Vascular Institute respectively. As in the past approximately 80% of our budgeted expenses are for faculty, staff, and housestaff salaries, and HMC is supporting our residency and fellowship programs in the amount of \$6.1 million dollars.

I feel obliged to tell you I am concerned about the growing investment requested each year to support our Department, but I am also convinced we are providing necessary and critical services which support the entire campus in areas such as Palliative Care, Informatics, Quality Improvement, Pharmacy and Therapeutics, Infection Control, Employee Health, Bariatrics and Weight Management, Transplantation, Medical Education, and so on. However, in this current budget year (FY 06/07) operating expenses are projected to increase by 25.6%, but net revenue by only 5% so we will have to manage our operations as efficiently as possible, and, in particular, seek opportunities to increase net revenue. I don't think we can or should plan to shrink ourselves to greatness, but we must be prudent stewards of the limited resources we have.

On the positive side, we did exceed our budgeted margin for FY 05/06 in a favorable way to the tune of \$717,000 after all incentive payments were made, and our gross revenues exceeded budget by 12% at approximately \$30 million on the Professional side, while expenses were right on budget. Over the past three years, we have increased base salaries of more than 90 faculty members totaling more than \$1 million dollars. We have made clinical and research incentive payments totaling nearly \$600 thousand dollars to faculty this past year.

Our AEF reserves continue to grow based on gain-sharing with HMC and the Chair's Fund, and we have re-invested approximately \$900 thousand this past year in bridge funds, research enhancement, and faculty recruitment packages, and plan to do so again this year.

	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06
AEF Reserves	\$3,026,682	\$2,466,961	\$2,715,851	\$4,332,836	\$4,636,204
Encumbered	\$587,487	\$600,062	\$590,087	\$579,966	\$950,000
Endowments					
Net Book Value	\$4,236,136	\$6,313,544	\$6,587,784	\$6,751,720	\$7,861,842
Annual Income	\$456,882	\$486,586	\$673,178	\$438,681	\$461,267
No. of Endowed Professorships/Chairs	7	7	7	7	9
Gifts/Funds Total	\$3,556,840	\$3,134,182	\$2,803,240	\$1,848,036	\$2,690,212
Invested	\$2,592,981	\$2,198,347	\$1,773,114	\$1,091,897	\$1,618,313
Liquid	\$963,859	\$935,835	\$1,030,126	\$756,139	\$1,071,899

Likewise the net book value of our endowments has increased by \$1 million and two new endowed professorships have been established. I am pleased to announce that Gregory M. Caputo, MD, Professor, Division of General Internal Medicine, is the first Robert E. Dye, MD, Professor; and Abraham Mathew, MD, Assistant Professor Division of Gastroenterology and Hepatology, is the first holder of the Margo T. Walrath Career Development Professorship. Ann Ouyang, MD, Professor, Division of Gastroenterology and Hepatology, has become the Graham H. Jeffries Professor, succeeding Tom McGarrity, and with Dr. Jeffries blessing and support of course. Hence we now have nine endowed professorships or chairs in the Department, and my goal is to have at least one in each Division as soon as possible.

Endowed Professorships

Robert E. Dye MD Professorship



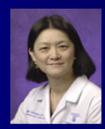
Gregory M. Caputo, MD

Margo T. Walrath Career Development Professorship



Abraham Mathew, MD

Graham H. Jeffries Professorship



Ann Ouyang, MD

Our focus going forward will be (1) to continue to provide prudent management and stewardship of our financial resources; (2) to better align faculty and staff total compensation with the quality and quantity of their contributions and achievements, and in keeping with appropriate benchmarks; (3) to build endowments and opportunity funds in the Department; and (4) to seek new revenue sources to build the economic base which fuels our efforts in each of our missions.

FOCUS - Finances

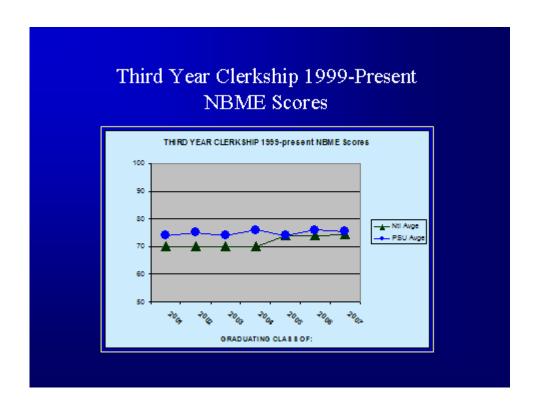
- Continue to provide prudent management and stewardship of our financial resources.
- Better align faculty and staff total compensation with the quality and quantity of their contributions and achievements, and in keeping with appropriate benchmarks.
- Build endowment and opportunity funds in the Department.
- Seek new revenue sources to build the economic base which fuels our efforts in each of our missions.

Education

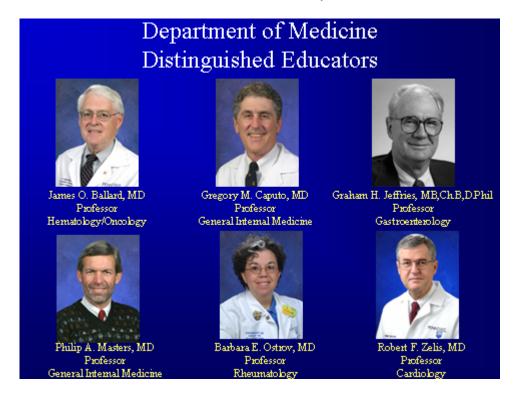
We continue to provide about 20% of teaching contact hours during all four years of undergraduate medical education, and to provide a substantial, but difficult to quantify, amount of education for residents and fellows in the Department.

I am concerned, however, that the trend in both contact hours during Years 1 and 2, and teaching hours during Years 3 and 4 for medical students appears downward, and that we as a Department have not stepped up in support of the new Clinical Skills Program for medical students to the extent I think we should. Departments' of Medicine in this country's academic health centers generally are the education leaders and innovators, and I'd like us to remain among the ranks of the best Departments in this regard. Hence, I ask each faculty member, resident, and fellow to reaffirm your commitment to teaching even though there are not enough dollars to appropriately reimburse us for it. It does require going above and beyond expectations, but the rewards, if not in dollars, are, in part, taking great pride in the accomplishments and successes of our students and mentees.

On the positive side, the Year 3 Medicine clerkship ranked #2 in student evaluations this past year, so we are making definite progress in terms of medical student satisfaction and assessment of the clerkship. I've taken a look at our students' scores on the NBME Internal Medicine Subject Exam given at the end of the clerkship, and our scores consistently track with the national average scores. Hence, I've asked Phil Masters and Kristy Le to develop some strategies to increase the scores of our students – I'd like to see us at or above the 75th percentile nationally.



We finally broke the ice and have two new College of Medicine Distinguished Educators – Gregory M. Caputo, M.D., Division of General Internal Medicine, and Graham H. Jeffries, MB, ChB., D.Phil. founding Chair of the Department, Division of Gastroenterology and Hepatology. We now have six Distinguished Educators in the Department, and I'd like to add one or two more this year.



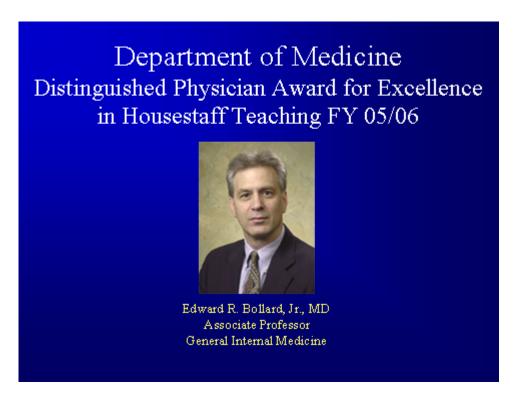
With respect to our residency program, the RRC Site Visit for re-accreditation will occur on October 24, 2006. Last time we were accredited for only one year and had 13 citations. Ted Bollard, Jennifer Goldstein, Margaret Kreher, Phil Masters, and Debbie Stevens have been working very hard in preparation for this visit, and we hope to achieve continued full accreditation for the maximum 5-year period. This is very important because I'd like us to be eligible to participate in the ACGME's Educational Innovation Project which would put us among the elite programs in the country and free us somewhat from the usual, burdensome accreditation cycle.

We did fill all of our categorical PGY 1 positions in the match for the second straight year, and overall 30% of our PGY 1's are graduates of Penn State's College of Medicine.

The In-Training Exam scores are rising quite steeply, and will be reflected in an increase in the 3-year rolling ABIM pass rate in the next 2-3-years. However, we've still not achieved our goals of having the ITE scores of PGY 2's at the 80th percentile nationally, and a 3-year rolling average ABIM pass rate of 95%.

We currently have 55 fellows distributed among 10 ACGME accredited subspecialty training programs, and all programs but Allergy will be reviewed for accreditation this year.

Ted Bollard, MD, Associate Professor and Residency Program Director, Division of General Internal Medicine, received the Distinguished Physician Award for Excellence in Housestaff Teaching this past year. Kudos to Ted – you certainly should be among the nominees for College of Medicine Distinguished Educator this year or next.



Eugene York, MD., Lebanon VA Medical Center, received the Department's Education Recognition Award during the Housestaff Banquet in June. Congratulations to Gene and his colleagues at the VA for their contributions to our education programs.



Two faculty received the Department's Excellence in Mentoring Award this past year – Barbara Ostrov, MD, Professor of Medicine and Pediatrics, and interim Chief, Division of Rheumatology; and Larry Sinoway, MD, Professor of Medicine, Division of Cardiology, and Director of the Penn State Heart and Vascular Institute. Both were nominated by their peers, and both are very deserving. Congratulations.



Three residents and one fellow in the Department were recognized as outstanding teachers and role models by rising fourth year medical students during the Student Clinician Ceremony in June – Tara Lynn Barto, MD, now a PGY III in the Medicine/Pediatrics program, Jeff Gilbert, DO, now a PGY IV in Cardiology here, Nicholas Rider, DO, now a PGY V in our Allergy Fellowship program, and Lisa Sherwood, MD, now a PGY III resident. Congratulations to all four for a job well done!

Residents Recognized by Students at the 2006 Student Clinician Ceremony



Tara Lynn Barto, MD PGY III Med/Peds



Jeffrey Gilbert, DO PGY III



Nicholas L. Rider, DO PGY IV Allergy/Immunology



Lisa Sherwood, MD PGY II

I believe our focus going forward should be to: (1) achieve full RRC accreditation of our residency and fellowship programs for the maximum allowable 5 years; (2) apply to participate in the ACGME Education Innovation Program as soon as we have two accreditation cycles of 4 or more years; (3) continue to improve the PGY 2 ITE scores to at least the 80th percentile nationally; (4) improve the 3-year rolling average ABIM pass rate for first time taken to 95%; (5) continue to fill all categorical PGY 1 positions in the match; (6) fill at least 25% of our categorical PGY 1 positions with Penn State College of Medicine graduates; (7) improve the end of clerkship NBME Internal Medicine Subject Exam scores to the 75th percentile nationally; and (8) increase the number of faculty participating in the Clinical Skills Program to 12 next year and to at least 15 the following year.

FOCUS - Education

- Achieve full RRC accreditation of our Residency and Fellowship programs for the maximum allowable 5 years.
- Apply to participate in the ACGME Education Innovation Program as soon as we have two accreditation cycles of 4 or more years.
- Continue to improve the PGY 2 ITE scores to at least the 80th percentile nationally.
- Improve the 3-year rolling average ABIM pass rate for first time taken to 95%.

FOCUS – Education continued

- •Continue to fill all categorical PGY 1 positions in the match.
- •Fill at least 25% of our categorical PGY 1 positions with Penn State College of Medicine graduates.
- •Improve the end of clerkship NBME Internal Medicine Subject Exam scores to the 75% percentile nationally.
- •Increase the number of faculty participating in the Clinical Skills Program to 12 next year and to a least 15 the following year.

Research

The research enterprise in the Department is still not as strong or as deep as any of us would like it to be, but I think we are gaining ground. The Department ranked 75th in NIH funding during 2005 with 14 grants totaling \$5.8 million dollars. The difference between us and number 70 (LSU) is only \$1.5 million, and the difference between us and number 60 (Harvard Medical School) is \$6.4 million. Likewise the Department's NIH awards comprised only 13% of the College of Medicine's NIH dollars, whereas the average Department of Medicine represents 27% of the total institutional NIH support.

Hence, we have work to do in the recruitment, retention, and training of scientists and physician-scientists in the Department.

Brian Reeves and I have had a series of meetings with Jay Moskowitz, Larry Sinoway, Tom Loughran, Kent Vrana, Jim Jefferson, Bob Gabbay, Andrea Manni and others to help us lay out a 5-year plan for developing strong research programs in the following four areas: (1) Diabetes, metabolism, obesity and metabolic syndrome; (2) Infectious diseases in collaboration with Penn State's Center for Infectious Diseases Dynamics at University Park; (3) Advanced Diagnostics, including biomarker discovery, bio-detection technology development, imaging technology development, and clinical testing validation; and (4) Advanced Therapeutics, including drug discovery and delivery, pharmacogenomics/proteomics, preclinical drug testing, and clinical pharmacology, and phase I/II testing. We have sought to capitalize on strengths both here and at University Park, and have thought about the numbers and types of scientists and physician-scientists we will have to train or recruit to realize the plan. We assume the existing research strengths in the Penn State Heart and Vascular Institute and the Penn State Cancer Institute will continue to grow as well. These are ambitious goals and I hope we will emerge from the Dean's Strategic Summit meeting on October 25 with support to move full steam ahead.

Activity Indicators Research						
	FY 02/03	FY 03/04	FY 04/05	FY 05/06		
Total sponsored research funding	\$15.1M	\$18.2M 20.6%	\$20.6M 13.5%	\$24.4M 18.3%		
Total new dollars awarded	\$13.8M	\$16.1M	\$17.9M	\$16.7M		
by FY		16.3%	11.5%	(7.1%)		
Total dollars requested	\$23.0M	\$31.6M	\$22.8M	\$23.9M		
by FY		37.2%	(27.7%)	4.5%		
Total number submissions	153	165	194	159		
by FY		7.8%	17.6%	(18%)		

That being said, total sponsored research funding during FY 05/06 was up 18.3% to \$24.4 million, but total new dollars awarded during FY 05/06 was down 7.1%, or \$1.2 million. The total number of submissions was down by 18% this past year, but total dollars requested increased by 4.5%, or \$1.1 million. We must be focused on submitting more grant applications and on diversifying the portfolio of organizations we apply to.

We had five faculty with 2 or more NIH grants this past year – Urs Leuenberger, Division of Cardiology; Jianhua Li, Division of Cardiology; Tom Loughran, Division of Hematology/Oncology; Larry Sinoway, Division of Cardiology; and Chet Ray, Division of Cardiology.

Seven faculty have new NIH awards – Tim Craig, Division of Pulmonary, Allergy and Critical Care Medicine; Bob Gabbay, Division of Endocrinology, Diabetes and Metabolism; Ed Gunther, Division of Hematology/Oncology; Jianhua Li, Division of Cardiology; Kevin Monahan, Division of Cardiology; Lakshman Sandirasegarane, Division of Cardiology; and Jill Smith, Division of Gastroenterology and Hepatology. Congratulations to each!

Three faculty have new, non NIH governmental awards – Kathleen Julian, Division of Infectious Diseases and Epidemiology; Brian Reeves, Division of Nephrology; and John Zurlo, Division of Infectious Diseases and Epidemiology.

Nine faculty have new Foundation or Association awards – Tim Craig, Division of Pulmonary, Allergy and Critical Care Medicine; Jian Cui, Division of Cardiology; Rosalyn Irby, Division of Hematology/Oncology; Michael Katzman, Division of Infectious Diseases and Epidemiology; Osun Kwon, Division of Nephrology; Tom Loughran, Division of Hematology/Oncology; Ganesan Ramesh, Division of Nephrology; Lakshman Sandirasegarane, Division of Cardiology; and Shaoyong Yu, Division of Gastroenterology and Hepatology.

Twenty three faculty had 145 clinical trials or industry sponsored awards totaling \$16 million this past year. Of note, we have four faculty who are Pl's on 15 or more such awards – John Boehmer, Division of Cardiology; Tim Craig, Division of Pulmonary, Allergy and Critical Care Medicine; Ian Gilchrist, Division of Cardiology; and Allan Lipton, Division of Hematology/Oncology.

Three faculty received new Tobacco Settlement Grants – Rosalyn Irby, Division of Hematology/Oncology; Osun Kwon, Division of Nephrology; and Kevin Monahan, Division of Cardiology.

Two faculty had new Dean's Feasibility Awards during FY 05/06 – Cynthia Chuang, Division of General Internal Medicine; Ernesto Levy, Division of Rheumatology, and two more have awards this year – Ann Ouyang, Division of Gastroenterology and Hepatology and Brian Reeves, Division of Nephrology.

Abraham Mathew, Division of Gastroenterology and Hepatology, is the first member of the Department to receive a Grace Woodward Grant in Engineering and Medicine Award, and Tonya Crook, Division of Infectious Diseases and Epidemiology, received a Woodward Endowment Innovation in Education Projects and Research Award this year.

Two individuals in the Department have been selected to receive tuition support for continuing in the K30 Clinical Investigators Program – Yixing Jiang, Division of Hematology/Oncology; and Nazia Raja-Khan, PGY VI Fellow in the Division of Endocrinology, Diabetes and Metabolism. These are competitive awards and both are to be commended and congratulated.

I believe we need to focus on the following things this year: (1) recruitment of four physician-scientists and three scientists into the Department; (2) strengthening the pipeline growing our own physician-scientists and providing the environment for success, including the establishment of a formal research track in the residency program; (3) implement the strategic research initiatives around diabetes, metabolism, obesity and metabolic syndrome; infectious diseases with colleagues at University Park; advanced diagnostics; and advanced therapeutics if supported during the Dean's Strategic Summit; (4) diversify our portfolio of grant submissions and increase the number of applications submitted and dollars requested from all sources given the flat NIH budget for the short term; (5) continue to explore and develop collaborative working groups to leverage expertise in the College, University and community to support the research mission; and (6) improve our NIH ranking by 2 or more positions.

FOCUS - Research

- Recruitment of four physician-scientists and three scientists into the Department.
- Strengthening the pipeline growing our own physicianscientists and providing the environment for success.
- Implement the strategic research initiatives around diabetes, metabolism, obesity and metabolic syndrome; infectious diseases consortium; advanced diagnostics, advanced therapeutics.
- Diversify our portfolio of grant submissions.
- Increase the number of applications submitted and dollars requested.
- Continue to explore and develop collaborative working groups.
- Improve our NIH ranking by 2 or more positions.

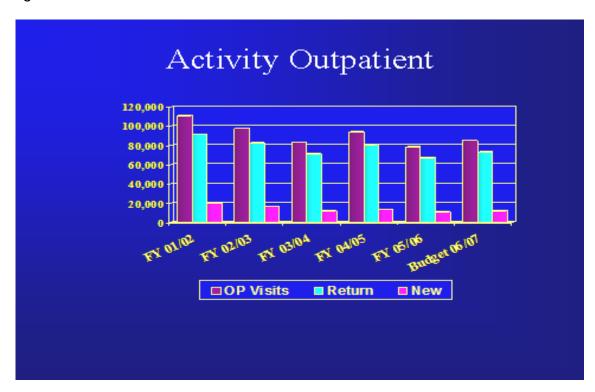
Clinical Affairs

The Department's clinical enterprise continues to grow each year, but the data are confounded by extracting the activity of Hematology/Oncology as of July 1, 2004, and those of Cardiology on July 1, 2005. So I've pulled out the Division of General Internal Medicine, our largest inpatient service, to demonstrate the remarkable growth in discharged patients – 11% in FY 05/06 compared to FY 04/05, 20% in FY 04/05 compared to FY 03/04, and 11% in FY 03/04 compared to FY 02/03. Thus 42% growth over four years! We are still

contributing to the hospital DRG margin despite the loss of Hematology/Oncology and Cardiology activity to the tune of approximately \$5 million during each of the past two years.

	A	Activi	ty Inp	atient	s	
	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	Budget FY 06/07
IP Discharges GIM	6,048	6,073 1,728	4,908 1,911 11%	5,167 2,307 20%	2,990 2, 55 7 11%	3,114 2,322
Patient Days	32,475	32,598	23,389	24,382	17,880	17,690
IP ALOS	5.37	5.37	4.77	4.72	5.98	5.68
DRG Profit/Loss	\$1,908,466	\$6,164,928	\$10,736,287	\$9,964,186	\$4,671,096	**\$4,864,814
** Estim	iate based on	ı Average Pro	ofit/Loss from	FY 2005/20	06	

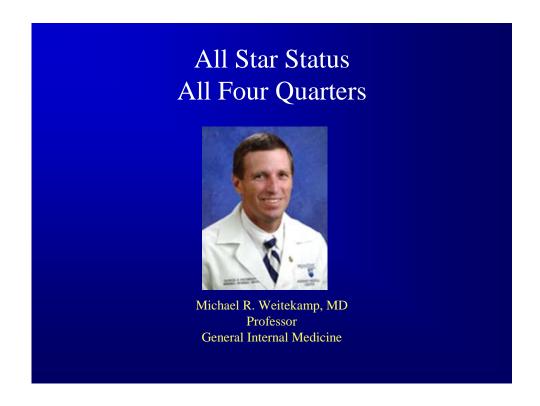
Likewise, the outpatient visit data are confounded by the Hematology/Oncology and Cardiology changes, but we have experienced 7-12% growth in the remaining Divisions each year, and we are projecting a 9% increase this year. The number of procedures is growing as well as shown in this slide.



Total work RVU's fell off this past year because the cardiologists moved to the PSHVI, but the average work RVU per patient care FTE remained relatively flat and we exceeded budgeted work RVU's by 12%. In that regard, all Divisions are now above the UHC 50th percentile in work RVU per patient care FTE, most are above the 65th percentile, and five work units are above the 75th percentile. There are two work units, Hepatology and Allergy, which are off the charts exceeding the UHC 100th percentile! We are indeed working hard and will need to add more providers in order to increase total RVU's and net revenue.

, i	ork RVU's Per F 7/1/05 – 6			
Division	Actual FY 05	Actual FY 06	UHC 2004 75% % (FY06)	
Cardiology				
Invasive	7,294	7,141	8,778 61%	
Interventional	11,899	8,674	11,188 58%	
Noninvasive	5,679	5,498	7,950 52%	
Endocrinology	5,170	3,740	4,218 67%	
<u>Gastroenterology</u>				
GI	8,211	10,131	8,597 88%	
Hepatology	6,035	14,400	7,420 146%	
Hematology/Oncology	5,092			
Infectious Diseases	3,971	3,797	4,221 67%	
Internal Medicine				
Ambulatory	4,673	4,811	4,677 77%	
Hospitalist	4,687	3,394	3,789 67%	
Nephrology	6,425	7,509	7,797 72%	
Pulmonary				
Pulmonary Disease	5,301	5,518	7,209 57%	
Critical Care	4,266	6,146	6,029 76%	
Allergy	4,541	5,637	4,541 113%	
Rheumatology	3,611	3,910	4,329 68%	

One of our faculty, Mike Weitekamp, Division of General Internal Medicine, achieved all Stars and Overall Star Status in patient satisfaction in all four quarters last year. This is a remarkable accomplishment – Congratulations Mike!



Five providers in the Department achieved the 99th percentile in patient satisfaction scores last year – Ted Bollard, Debra Miller, and Michael Weitekamp all Division of General Internal Medicine; Susan Jones, Division of Endocrinology, Diabetes and Metabolism; and Barbara Ostrov, Division of Rheumatology. Congratulations to each of you!

Forty-two of HMC's 133 physicians, or 32%, listed in the 2005 Best Doctors in America are in the Department.

Two of our outpatient practice sites were again among HMC's top 10 sites in patient satisfaction – Internal Medicine Cherry Drive and I.O.Silver Cardiovascular Specialties Clinic.

Hence, not only are we working hard, but we are working well in the opinion of our patients.

In keeping with external pressures, such as pay for performance programs being implemented by third party payers and standards promulgated by accrediting bodies like JACHO, <u>and</u> with institutional goals around quality, we need to focus on becoming a national leader in providing and documenting the highest quality care to our patients. Cindy Whitener is taking the lead on this initiative and has already developed a proposed plan, including strategies, metrics, outcome measures, and resource requirements to achieve this goal. We will be hearing more about the initiative from Cindy soon.

In addition to the focus on quality of care, we need to: (1) improve access to care in these work units which still have long lead times or are difficult to access; (2) acquire appropriate space (office, clinic, and laboratory) to accommodate our projected growth in faculty, outpatient visits, and procedures; (3) improve patient flow among Departments, especially the Emergency Department, Orthopaedics, and the Rehabilitation Hospital; (4) strategically grow programs, services, and outreach which increase market share or

differentiate us in the market, including exporting programs like Hospitalists or Critical Care to our community partner hospitals.

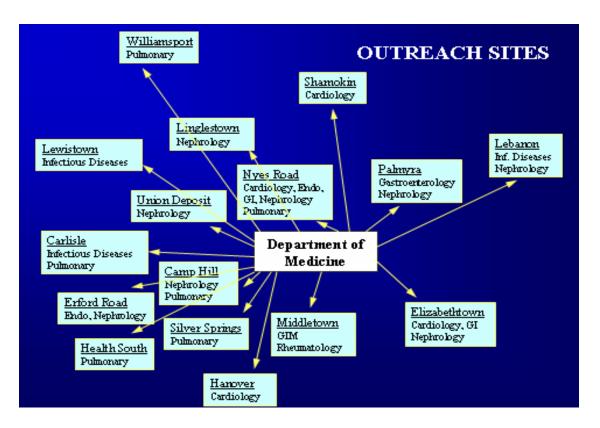
FOCUS - Clinical Affairs

- Demonstrate quality of care and establish ourselves as national leaders in such.
- Improve access to care in work units which still have long lead times or are difficult to access.
- Acquire appropriate space to accommodate our projected growth in faculty, outpatient visits, and procedures.
- Improve patient flow and care among Departments, especially the Emergency Department, Orthopaedics, and the Rehabilitation Hospital.
- Strategically grow programs, services, and outreach which differentiate us in the market.

Community Outreach and Service

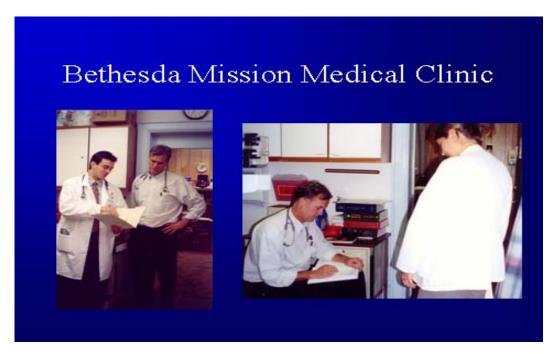
This year I've tried to organize the information and my thoughts around our professional outreach activities and community service. I believe this will be an increasingly important area for us to engage given our current space limitations on this campus as well as Dean Paz's vision of a community health network of partners in our service area.

I was a bit surprised to see how much professional outreach is already occurring, most Divisions are now working in at least one site off-campus. This will very likely increase as Tom McGarrity is in discussions with folks in State College around having our faculty do GI endoscopy at Mount Nittany Medical Center, Rheumatology (Dr. Banks) will be starting one day per week in Erford Road, and Phil Masters, Joe Geskey and others are in discussions with Wyoming Valley Health Care System in Wilkes Barre about starting a Hospitalist program there. We need to be seeking additional opportunities to reach out when we can help meet unmet needs.



Likewise, I was surprised at the breadth and depth of community service activities being reported by our Divisions each year. A total of 560 sessions totalling over 3,531 hours this past year ranging from Health Fairs and Health Education Programs to support groups and volunteer organizations.

One example of this community service is the Bethesda Mission Medical Clinic, which was established in 1991 by Ted Bollard and Andy Sumner. The volunteer faculty physicians, residents, and medical students spend one evening each week seeing approximately 25 patients who are guests at the Bethesda Mission Men's Shelter, and the Women's and Children's Shelter, as well as homeless persons in Harrisburg. We are quite proud of all who volunteer their time to serve the needy at the Mission.



FOCUS - Community Outreach and Service

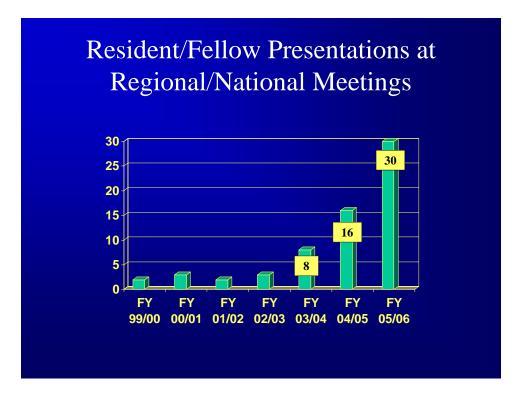
- (1) Seek strategic outreach opportunities in order to stimulate growth in clinical activities and market share.
- (2) Each work unit/Division should actively participate in community service and this should be documented.
- (3) Collaborate with Mount Nittany Medical Center to provide GI endoscopy services.
- (4) Collaborate with Wyoming Valley Health Care system to develop a Hospitalist service in Wilkes Barre.

Scholarship

Department faculty, fellows, residents and staff published 156 scientific papers, and 45 book chapters this past year.

Scholarship					
	FY 02/03	FY 03/04	FY 04/05	FY 05/06	
# Papers published	227	173	120	156	
# books	4	5	4	0	
# book chapters	22	30	47	45	
# presentation at national level	149	113	82	86	
# presentation at regional level	78	68	33	38	
# faculty serving on study sections	26	14	11	17	

Additionally, faculty, fellows, residents and staff presented 86 abstracts at national meetings and 38 abstracts at regional or local meetings. The recent increase in resident and fellow presentations is quite remarkable, and largely attributable to Cynthia Chuang, Division of General Internal Medicine, our Chief Residents, and several committed faculty members. Congratulations and keep up the excellent work.



Seventeen faculty are currently serving on study sections ranging from NIH to specialty-based funding organizations.

We don't currently have a system to collect data on leadership positions in regional, state or national professional organizations, or on election/selection to professional societies, but I plan to develop such a system this year.

As last year, I believe we should focus on: (1) setting reasonable, but firm, targets for scholarly activity and productivity for each faculty member as part of the annual HR 40 process; and (2) expect all residents and fellows to participate in at least one scholarly activity or project during their time here, and to prepare a formal report, abstract, manuscript or presentation as evidence of such.

FOCUS - Scholarship

- Set reasonable, yet firm, targets for scholarly activity and productivity with each faculty member as part of the HR40 process each year.
- Expect all residents and fellows to participate in at least one scholarly project or activity during their time here, and to prepare a formal written report, abstract, manuscript, or presentation as evidence of such.

Vision

For the past two years I've posed this question to you at the end of this presentation – What would the Department look and feel like if we were the "best" in nation in each of our three missions – patient care, education, and research? This year I'll add community outreach and service to our missions, and ask the same question.

Here are my thoughts, but I'm interested in your thoughtful feedback

- 1. Patients, learners of all types, and researchers of all types would be eager to come here.
- 2. People would wake up each morning energized and eager to come to work.
- 3. Faculty and staff morale and satisfaction would be the highest in the nation.
- 4. People would feel a strong sense of purpose and meaning in their work.
- 5. Interpersonal relationships at work would be based upon respect, trust, fair play, equity, diversity, teamwork, and honest, and add to the quality of one's life.
- 6. Regard and recognition would be aligned with our performance.
- 7. Professional and personal development would be embedded in the culture, and actively sought and supported.
- 8. Graduates of our training and educational programs would be highly sought after in their respective disciplines.
- 9. We would demonstrate excellence and quality in selected areas, programs, scholarly endeavors and lines of research.
- 10. Innovation and creativity would be hardwired into our daily existence.
- 11. Technologic support would be state of the art and enhance the quality and productivity of our work.
- 12. Interdependence and alignment would replace independence and mis-alignment.
- 13. Quality outcomes would be documented in each mission through appropriate measurement tools and analyses.
- 14. Health care delivery would be seamless, patient and family-centered, safe, efficient, timely, and effective throughout the continuum of care.
- 15. Community leaders and organizations would understand and appreciate what we do, and support us financially and otherwise.

Recognizing that a vision is something we aspire to be, but may never fully achieve, we must build commitment, create appropriate alignments, face adaptive challenges as they arise, and take risks in moving toward the "ideal" state we envision.

I remain convinced we are moving in the right direction, but would greatly appreciate your thoughts on the issue.