

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  
Renaë 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;
- All clinical department chairs and clinical division directors in the Kansas City area will be located

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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."

Dr. Atkinson responded to members' questions:

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- 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.