

The University of Texas Health Center at Tyler
Compact with the University of Texas System
FY2005-FY2006

I. Introduction – Institution Mission and Goals

The University of Texas Health Center at Tyler (UTHCT) occupies a unique place in the medical history of East Texas. Originally established as the East Texas Tuberculosis Sanitarium in 1947, UTHCT was renamed the East Texas Chest Hospital in 1971. In 1977, UTHCT joined the University of Texas System and has been a teaching hospital within the UT System since that date. UTHCT is the only UT health component that is located in a poor, rural segment of Texas, which presents unique challenges and opportunities. UTHCT is focused on initiatives dealing with infectious diseases and biohazard research, aging issues and chronic care of the elderly, and children with childhood lung diseases and cystic fibrosis.

Mission Statement

To serve East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

Excellent Patient Care and Community Health: UTHCT consists of an acute care hospital, 18 hospital-based outpatient clinics, an emergency care center -- and all medical services for each provided under one roof. As a safety net hospital, UTHCT sees almost 140,000 outpatient visits and almost 4,000 inpatient admissions each year. In addition, there are 10 off-site clinics in which UTHCT physicians provide primary healthcare, cardiology care, and pulmonary care.

Comprehensive Education: UTHCT has developed residency programs in Family Practice and Occupational Medicine. In collaboration with other higher education institutions, UTHCT offers three joint Masters degree programs. Also, UTHCT has formal collaborative agreements with area nursing schools and other higher education institutions for nursing students, allied health students, and medical students to complete their respective clinical rotations and health care training. These collaborations allow UTHCT faculty to serve in adjunct faculty roles.

Innovative Research: UTHCT has a growing biomedical research program whose researchers have won national acclaim for their various research endeavors. UTHCT is known for its reputation in clinical management of pulmonary and infectious lung diseases. Through the Texas Department of Health, UTHCT is now responsible for coordinating statewide in-patient management of tuberculosis and offers special expertise in the management of atypical mycobacterial lung diseases.

Vision

We will be a great institution, unified in common purpose, to benefit human health and to improve the quality of life.

Values

Excellence:	I will work every day to improve UTHCT and the job that I do.
Servant Leadership:	I will put the needs of our patients and my co-workers first.
Diversity:	I will respect and appreciate diversity in ideas, peoples, and cultures.
Accountability:	I will use the resources of UTHCT wisely.

II. Major Ongoing Priorities and Initiatives

A. Short-term Goals

1. **Become a more academic institution through the expansion of educational programs and research** (Also, See Section II.B.1 and Section III.1)

Objective

To establish the UT Health Center at Tyler as the regional academic health center for health/medical education and technology.

Strategies

To meet that objective, UTHCT has undertaken the following initiatives:

- a. Develop and sustain a strong relationship with UT Tyler to optimize the return on the state's investments in education, research, and service at both institutions - UTHCT is collaborating with UT Tyler to form a strategic educational alliance between UT Health Center at Tyler and UT Tyler to make UTHCT and UTT the major teaching entity in health sciences and biotechnology in East Texas (see Section II.B.1 for details). Other collaborations with UTT include joint recruiting of a Ph.D. epidemiologist and other faculty to support education and research activities at both institutions.
- b. Develop and enhance a portfolio of advanced medical training programs - UTHCT is developing strategies to attract quality Family Practice and Occupational/Environmental Medicine residents to meet current match levels and to ensure stability of current external residency sites. Medical students, nursing students, and allied health care students from other institutions of higher education currently participate in existing training rotations offered at UTHCT. UTHCT is developing strategies to increase the participation levels of those students. It is also collaborating with the Lake Country Area Health Education Center in East Texas (AHEC) to increase high school student interest in health care professions.
- c. Develop and enhance the graduate/allied health programs – UTHCT is evaluating its affiliation with Stephen F. Austin University and Texas A&M University in reference to the joint master's degrees in which UTHCT participates. UTHCT is developing efforts to provide support for and generate interest in health careers in East Texas. It is also working to increase the number of residents and other health care students who rotate through the training programs currently being offered at UTHCT. UTHCT provides faculty development programs for all qualified staff interested in teaching in health professional programs.
- d. Develop a comprehensive health education program for UTHCT faculty and staff and for external partners – UTHCT uses the Northeast Texas Consortium (NETnet) to enhance UTHCT education strategies and to explore other business partners for the purpose of expanding community health and telemedicine. Through NETnet, UTHCT offers medical, nursing, and other health care-related training to hospitals and institutions of higher education in this region, and UTHCT hopes to expand that training. UTHCT seeks to become a preferred training site for nursing and allied health professionals.
- e. Develop a strategy to become a degree-granting institution (see Section II.B.1 for more details) – UTHCT will be requesting approval from the UT System, the 79th State Legislature, and the Higher Education Coordinating Board to issue limited degree granting authority to UTHCT. Limited degree-granting authority for UTHCT will enhance and increase the educational opportunities for students in East Texas and UTHCT's credibility as an academic institution

Resources

- a. Increase state funding for educational programs
- b. Increase philanthropic support
- c. Expand indirect research revenues
- d. Increased profitability of UTHCT hospital operations and faculty practice plan

Progress Measures

- a. Secure a strategic educational alliance between UT Health Center at Tyler and UT Tyler to make UTHCT and UT Tyler the major teaching entity in health sciences and biotechnology in East Texas
- b. Legislative approval for limited degree granting authority for UTHCT
- c. Identify specific sites on UTHCT campus to conduct educational activities
- d. Identify funding sources and establish budgets for educational programs at UTHCT
- e. Increase number of trainees who obtain educational training through UTHCT programs by 25%

Obstacles

- a. Winning support of UT System Board of Regents for educational program expansion
- b. Convincing Legislature of need for this necessary academic program in East Texas
- c. Obtaining adequate collaborative support from other UT institutions
- d. Lack of student housing

2. Improve Quality and Customer Service Satisfaction

Objectives

UTHCT recognizes the importance of quality and customer service satisfaction in order to retain its current patient base and to attract new patients. UTHCT has implemented satisfaction programs directly related to quality and customer service. Each program has outlined objectives, strategies to implement, and required resources.

Strategies

Quality Satisfaction

- a. Create a more patient-safe environment and limit costs attributable to medical errors
- b. Improve cardiovascular surgery outcomes
To improve these outcomes, UTHCT has partnered with a new cardiothoracic surgical provider group that uses standardized evidence-based order sets. A more multi-disciplinary approach to managing the patient care process and clinical pathways will be implemented.
- c. Improve care provided to congestive heart failure and pneumonia patients
To improve care provided to these patients, UTHCT has expanded the use of evidence-based order sets and has improved patient education and the discharge planning process.
- d. Optimize management of ICU patients care
- e. Support the development of evidence-based case protocols

Customer Service Satisfaction

- a. Improve patient satisfaction with inpatient care
During 2004, UTHCT expanded its efforts toward improving customer service by establishing the position of Customer Service Manager and by creating a committee structure accountable to the President to plan and monitor customer service activities. The inpatient meal program has been totally overhauled to address patient needs. All inpatient departments have adopted specific customer service goals that are relevant to their department (e.g., labs=turnaround time).
- b. Improve patient satisfaction with outpatient care
- c. Improve patient satisfaction with the Emergency Care Center
- d. Improve employee satisfaction and perception
- e. Improve satisfaction with service and support departments

Resources

- a. Additional quality staff to monitor quality measures and outcomes (2.5 FTEs)
- b. Nursing and ancillary staff training to improve skill and competency
- c. Physician leadership time to develop revised care models and to reorganize faculty responsibilities

- d. Staff time to develop and implement corrective action plans
- e. New hospital information system
- f. System funds to improve patient safety.

Progress Measures

- a. Documentation of monitoring of event report rates – rate of actual versus close call events
- b. Implement JCAHO certification and clinical outcome measures appropriate to a specific diseases
- c. Reduced lengths of stay using Medical Information Data System (MIDS) comparative database, Texas Health Care Information Council (THCIC) data, and public sources
- d. Improved performance on JCAHO core measures
- e. Improved Press-Ganey Patient Satisfaction Scores on Inpatient, Outpatient, and ER Surveys
- f. Initiate Press-Ganey Employee Perception Survey to be conducted annually

Obstacles

- a. Resistance to change
- b. Competing priorities
- c. Lack of standardized processes of care

3. Implement UTHCT Center for Healthy Aging Programs

Objectives

Based on the changing demographics of the East Texas market and the ever-increasing needs of the aging population, the UTHCT Center for Healthy Aging will fill a void in East Texas for care of the elderly. No established, coordinated program exists in this area that has the vision and capability to focus on the various aspects of aging. The Center will take a comprehensive, multidisciplinary, coordinated, and personalized approach to a myriad of services for seniors.

Strategies

To meet these objectives, UTHCT will develop:

- a. Professional educational programs - including pursuing a Geriatric Fellowship Program; developing formal certification programs for professionals involved in the care of the elderly; collaborating with other institutions to develop educational programs for healthcare professionals.
- b. Research programs - including faculty recruitment; staff support; demographic support; and collaborative efforts in other disciplines, e.g., nursing, psychology, sociology, economics, political science, etc., with UT Tyler and other educational institutions.
- c. Clinical care services - including coordinating appointments and multidisciplinary healthcare services at UTHCT; integrating case management services into the Aging Center; establishing an inpatient unit specifically designed as a comprehensive medical/surgical unit for the elderly; utilizing a "care coordination" concept. Also, UTHCT and UTMB are discussing the possibility of implementing a telemedicine approach for senior patients in East Texas.
- d. Public health and outreach - including developing geriatric-specific outreach activities, senior conferences and senior health fairs; formalizing clinical rotations to nursing homes and house calls.
- e. Public policy and advocacy - including using outcomes research data to drive decision-making; providing information to the public on the critical health issues in geriatrics.

In addition, UTHCT is exploring the feasibility of developing a Rural PACE Program (Program for All-Inclusive Care for the Elderly). The National PACE Association, HRSA, and National Rural Health Association are developing a Technical Assistance Program that UTHCT is exploring.

The UTHCT Center for Healthy Aging will be a part of a larger joint research institute between UTHCT and UT Tyler.

Resources

- a. UTHCT proposes that the \$2.5 million Medical Liability Excess Reserves be applied to support the development of the UTHCT Center for Healthy Aging and the implementation of the Center's programs
- b. \$500,000 in philanthropic support
- c. Research grant funding
- d. UTHCT Special Item funding request to UT System for the 79th State Legislature to help fund the programs of the UTHCT Center on Health Aging.

Progress Measures

- a. Development of a Geriatric Fellowship Program
- b. Development of certification programs for health care professionals involved in the care of the elderly
- c. Collaborations with UT Tyler, including joint recruitment and seed grants
- d. Implement clinical care programs, including inpatient unit for the elderly, care coordination, and telemedicine
- e. Increase research funding for geriatric-related projects

Obstacles

- a. Recruitment of key personnel to drive the program
- b. Maintaining adequate long-term funding for the Center for Healthy Aging programs

4. Achieve Sustained Financial Viability

Objectives

Throughout 2001-2002, UTHCT was in serious financial difficulty. For example, cash on hand at UTHCT as of October 31, 2002, was less than 29 days. Clearly, both short-term and long-term were required to address this financial crisis. During FY03, UTHCT designed and implemented several measures to improve UTHCT's efficiency and cost savings that will directly impact UTHCT's overall financial performance. As of December 31, 2003, the cash on hand was 66.6 days. As UTHCT has not achieved sustained financial viability, much remains to be done.

Strategies

Actions being taken to help facilitate reaching that goal are as follows:

- a. Develop short-term strategies to maximize profitability and improve fund balances.
 - 1) Continue to improve monthly financial reporting
 - 2) Continue to improve budget process
 - 3) Continue to assess opportunities for further improvements to build cash reserves
 - 4) Develop plan to enhance productivity management, supply chain, revenue cycle, and accountability
 - 5) Optimize revenue sources
 - 6) Review E&G and MSRDP funds for opportunities to control operating expenses
- b. Develop long-term financial plan that addresses operating and capital needs.
 - 1) Build cash reserves to 75 days
 - 2) Identify key capital needs throughout facility
 - 3) Identify specific programmatic investment requirements, and require an upfront return on investment analysis for these investments.

In addition, UTHCT is implementing a new comprehensive information system that will provide stability, improve effectiveness, and result in cost-savings that will positively impact UTHCT's financial situation. It will result in 5-year net benefits in the following areas:

- 1) Reduction of Denials - \$1,575,000
- 2) Reduction of Medicare Necessity Write-Offs - \$600,000

3) Identify Patients Up Front That Require Payment Upfront - \$2,180,000

Resources

- a. New decision support/executive information system – approximately \$250,000
- b. Budgeting software to improve budgeting process – approximately \$200,000
- c. New software program to support financial reporting – approximately \$250,000
- d. Improving net collections to build cash reserves – approximately \$250,000

Progress Measures

This will be an ongoing process. Significant financial challenges are anticipated through the end of 2004. UTHCT expects to address each challenge to keep UTHCT on target to have 75 days cash on hand by August 31, 2006.

Obstacles

- a. Ensuring UTHCT receives adequate budget support from State Legislature
- b. Obtaining funding for inpatient TB care
- c. Highly competitive health care environment in the Tyler metropolitan area

B. Long-term goals

- 1. **Formation of a strategic educational alliance between UTHCT and UT Tyler resulting in joint graduate and undergraduate schools in health and biological sciences that will become the major teaching entities in health sciences and biotechnology in East Texas** (See also Section II.A.1 and Section III.1.)

Objectives:

Discussions between UT Health Center and UT Tyler were held throughout 2003 on building further collaborations between the two institutions. Presidents Calhoun and Mabry and key executive personnel from each institution met in early February 2004 and agreed to make UTHCT and UT Tyler the major teaching entities in health sciences and biotechnology for East Texas and outlined strategies to make that priority a reality.

Although the names of each entity described below have not yet been finalized, UTHCT and UTT have agreed to work towards developing the following:

- Joint Institute in Biological, Environmental, and Health Sciences to compete for research grants and contracts in the East Texas Region. This Institute will consist of joint faculty, chairs, and collaborative research
- Joint School of Graduate Studies in Biological, Biomedical, and Allied Health that will offer advanced degrees in these areas
- Joint School of Health Sciences focusing on rapid development of educational programs in allied health fields and nursing

Strategies

The above objectives will require:

- a. Joint faculty and financial support from both institutions for each school. Joint faculty appointments already have been implemented in certain areas, and others will be considered as the need arises
- b. Approval of UTHCT and UT Tyler TRB requests for teaching facilities
- c. Approval of the State Legislature and Texas Higher Education Coordinating Board for UTHCT to have limited degree-granting authority
- d. Contributions by UT System in terms of financial, organizational, and academic expertise

UTHCT and UT Tyler will:

- a. Establish planning committee comprised of key representatives from each institution to develop structure, governance, participation, etc., for the Institute and the Schools
- b. Develop support for the above entities among faculty and the community
- c. Continue joint faculty appointments
- d. Continue joint faculty recruitment, as necessary, to support collaborative educational and research initiatives related to aging and other issues
- e. Provide seed research grants through entities such as the UTHCT/UTT Joint Institute

UTHCT is also pursuing limited degree-granting authority. This authority will strengthen UTHCT's graduate degree work with other institutions of higher education, support its current medical education programs, result in a sufficiently trained workforce to treat certain diseases, and will support the research endeavors at UTHCT. The following actions will be taken in the next several months:

- a. Continue discussions with UT System and M.D. Anderson to learn from their expertise and experiences
- b. Work with the Higher Education Coordinating Board in pursuit of limited degree-granting authority
- c. Initiate contact with local elected state representatives and senators to develop bill for the approval of the 79th Legislature for limited degree-granting authority for UTHCT

Resources

- a. Increasing clinical revenue at UTHCT Health Science Center
- b. Tuition revenue
- c. State funds allocated to support education
- d. Indirect research revenues
- e. Philanthropic funding

Progress Measures

UTHCT is exploring a partnership with UT Tyler in the development of a Joint Institute in Biological, Environmental, and Health Sciences to compete for research and contract support for the East Texas Region; a Joint School of Graduate Studies in Biological, Biomedical, and Allied Health that will offer advanced degrees in these areas; and a Joint School of Health Sciences focusing on rapid development of educational programs in health fields. The entities named above should be viewed as working titles, as they not have yet been finalized.

Once UTHCT receives its limited degree-granting authority from the State Legislature and the Texas Higher Education Coordinating Board, it will enhance UTHCT's collaboration with other institutions such as UT Tyler and issue degrees jointly.

Obstacles

- a. Identify adequate resources between UTHCT and UT Tyler as both are relatively new to the UT System and in need of considerable infrastructure support
- b. Win the support of each institution's respective faculty of these collaborative initiatives

2. Build prestigious research program

Objectives

UTHCT allowed its research expenses to diminish over several years. Steps were taken in FY03, and will continue through FY04-FY06, to expand the research program at UTHCT. Those activities are designed to improve significantly the extramural funding, as well as initiatives to improve state and local funding, for UTHCT.

Strategies

Among the initiatives to expand the research program at UTHCT are the following:

- a. Enhance collaborative activity among investigators
- b. Increase mission-defined research

Mission-defined research will be increased by thematic recruitment in the areas of infectious disease or lung injury and repair, areas in which UTHCT has a foothold with NIH-funded faculty in both disciplines. Increased funding could also result from fostering new scientific interactions between labs, which UTHCT has not effectively done in the past but plans to pursue in the future.

Some of the incentive is financial. The research incentive plan is predicated on the acquisition of extramural funding and is robust (i.e., up to a 25% increment over the salary base is now allowed under the existing research incentive plan for research faculty). Some of the incentive relates to job security and satisfaction, career advancement (including promotion), and programmatic expansion.

- c. Identify new research opportunities that complement current strengths
- d. Increase clinical faculty involvement in research activities

Greater participation of clinical faculty in research will require recruitment of appropriately trained faculty. Extramural funding opportunities and logistic support for interested faculty are now being provided through Pre-awards and the Clinical Research Office. Expanded engagement activities are now being encouraged by senior administration. A new compensation plan requires research activities or substitution of increased activities in clinical, service or educational areas. Financial incentives for clinical faculty are being developed.

- e. Refine, develop, and enhance research infrastructure
- f. Pursue intramural seed grants through UTHCT Center for Healthy Aging and other initiatives

In addition, the principal extramural research initiatives include the following:

- a. Texas Lung Injury Institute - focused on research programs that relate to its central theme of lung injury and its repair. The projects involve collaborations with investigators at Duke, University of Pennsylvania, University of California at San Francisco, and in industry. Lung injuries addressed by this work encompass diseases occurring at all ages, including lung scarring that occurs in geriatric populations.
- b. Institute for Infectious Diseases, Genomics, and Therapeutics - addresses four critical needs:
 - 1) To focus on serious infectious diseases, particularly those of a chronic nature that currently threaten the United States;
 - 2) To identify, measure, and interpret the complex time-related concentration, activity, and, flux of metabolites in infectious organisms and tissue cells;
 - 3) To advance the understanding of the genetic and molecular basis of how infectious agents including tuberculosis and select agents are transmitted and cause disease;
 - 4) To use better understanding of how infectious agents cause disease to accelerate the introduction of new therapeutics for serious infectious diseases into clinical practice. Therapy for many of these diseases is now unsatisfactory.

UTHCT is already affiliated with the Regional Center for Excellence for Biodefense and Emerging Infectious Diseases Research (RCE) that the University of Texas Medical Branch (UTMB) in Galveston was awarded and provides clinical support and hospital facilities that would be used in the event of a bioterror attack. The Institute therefore complements and builds upon existing federally funded clinical as well as basic research programs to which UTHCT is now committed.

- c. Development of grants to study Minority Health Disparities - UTHCT collaborated with and was awarded a grant with Texas College to study minority health disparities. This NIH-sponsored project is the first of its kind in East Texas and is designed to promote clinical research to identify

new opportunities to improve health care for diabetic minority patients and others in rural Texas. UTHCT will continue to develop and expand this initiative.

Resources

- a. Federal earmarks, with assistance from the UT Office of Federal Relations
- b. Philanthropic funds
- c. State research funds
- d. Indirect research revenue
- e. Clinical revenue

Progress Measures

Expand UTHCT research program to \$5 million in extramural grant monies by August 31, 2006.

Obstacles

- a. Increasing competition for recruitment of quality researchers
- b. Lack of association with a graduate school of biomedical science or of public health

3. Develop Comprehensive Clinical Care for Veterans in East Texas

Objectives

Tyler and its surrounding communities are fast growing retirement areas and have been hailed as one of the best retirement areas in the country. Many of these retirees are veterans. These veterans currently have access for their primary care needs in Tyler, Texas. However, for any necessary specialty care, laboratory services, pharmacy needs, diagnostic testing, etc., veterans must travel to Dallas or Shreveport. These distances often present barriers to veterans in their need to obtain required health care.

UTHCT proposes to offer the full spectrum of health care for these East Texas veterans:

- Outpatient (primary and specialty care) – regain contract from VA
- Inpatient - obtain contract from VA
- Nursing home – obtain funding

UT Health Center at Tyler has a history of taking care of veterans. UTHCT is located on the grounds where Camp Fannin was located. Camp Fannin was an infantry Replacement Training Center during World War II. By the end of World War II, more than 250,000 young men had trained at Camp Fannin. In addition, the Camp Fannin Station Hospital, a 1,074-bed facility, cared for thousands of sick, wounded, and injured GI's from 1943-46. This hospital was turned over to the State of Texas and eventually became UTHCT.

Strategies

UTHCT previously held a primary care services contract with the Veterans Administration (VA) that ended in 2002 over reimbursement issues. A comprehensive clinical care program for veterans would allow UTHCT to offer primary care, specialty care, lab, pharmacy, diagnostic testing, and inpatient care services to veterans in East Texas. These services are at a location that is closer to home for these veterans, many of whom reside in rural areas.

UTHCT is willing to cooperate with the VA to develop a reimbursement package for primary and specialty care that would result in an overall cost reduction to the VA for health care services for East Texas veterans. In addition, in 2002, the State of Texas designated Smith County and the UT Health Center at Tyler as a site for a VA nursing home, but funding has not yet been allocated. When that occurs, this nursing home will be another component in the spectrum of care for veterans in East Texas.

Resources

UTHCT plans to incorporate the veteran primary care and specialty care services into its existing clinic operations. UTHCT would be reimbursed for clinical care services under the contractual terms with the VA.

UTHCT has requested the assistance of the UT System Office of Federal Relations (OFR) to help UTHCT develop this proposal to the VA. When appropriate, UTHCT will need the assistance of the OFR to facilitate the contacts and follow-up with key policy makers key policy makers to ensure the success of this proposal.

UTHCT may also need the assistance of the UT System to work with the Texas Veterans Land Board regarding funding for the VA nursing home. The VA nursing home would be located on UTHCT property, but no funding is necessary for staffing or managing the operations.

Progress Measures

- a. UTHCT establishes a comprehensive clinical care program to attract East Texas veterans to UTHCT
- b. Texas Veterans Land Board funds the VA nursing home on UTHCT campus

Obstacles

- a. Convincing the VA to allow UTHCT to provide clinical services to veterans in this region
- b. Obtaining final approval from the Texas Veterans Land Board of the Texas Land Commission for the construction of the veterans nursing home on the UTHCT campus

4. Build/expand infrastructure to support education, research, and patient care and beautification of campus

Objectives

The UTHCT campus features several construction projects totaling \$20 million that are underway that will revitalize UTHCT's Emergency Care Center, expand its research enterprise, and provide a more appealing and efficient patient care environment. In order for UTHCT to become a degree-granting institution, UTHCT must have classroom and conference room space. UTHCT currently has graduate degree program partnerships with Stephen F. Austin University and Texas A&M University (and in the near future with UT Tyler) that require educational and conference room space. Throughout the year, UTHCT offers a myriad of professional development programs, CME and CNE classes, and Grand Rounds. Adequate seating is often limited given UTHCT's current auditorium and conference rooms, so additional conference room space is needed. UTHCT does not currently have the requisite classroom space required to support the growing educational endeavors at UTHCT.

Strategies

- a. UTHCT submitted a request to the UT System for assistance in obtaining a Tuition Revenue Bond (TRB) for an Education and Conference Center in the amount of \$35,000,000. Projected uses of this facility include a medical library of sufficient size to support the expanding portfolio of educational activities; conference rooms to support these programs; an auditorium large enough to accommodate existing and projected near-term demand; classroom; offices; and related support areas. Also, TRB funds will be used in renovation of existing facilities as space becomes available when functions and staff are relocated to the Education and Conference Center.
- b. An \$11 million construction project on UTHCT's Biomedical Research Wing began in December 2003, and is scheduled for completion in early 2005.
- c. UTHCT campus features several major and minor construction projects designed to spruce up its "curb appeal" for patients, visitors, and employees. These funded projects, and their completion dates, include:
 - 1) Improvements to the Ambulatory Care Center parking lot, April 2004

- 2) Renovations to the Center for Biomedical Research, April 2004
- 3) Remodeling of the old laundry building into the Public Health Laboratory of East Texas (PHLET), June 2004
- 4) Beautification of the UTHCT campus, May 2004
- 5) Renovations to the Emergency Care Center, July 2004
- 6) Resurfacing of campus parking lots and streets, February 2005
- 7) Finishing the fourth floor of the Ambulatory Care Center, April 2005

Resources

- a. UTHCT submitted to the UT System a request for a Tuition Revenue Bond Project in the amount of \$35,000,000 to be considered by the 79th State Legislature.
- b. Included in that request is a request for at least \$1,250,025 for renovation costs.

Progress Measures

- a. Approval by the State Legislature of the Education and Conference Center at UTHCT
- b. During FY05-FY06, \$1 million investment by UTHCT on campus beautification measures

Obstacles

- a. Highly competitive community for philanthropic funds
- b. Lack of alumni to support initiatives at UTHCT
- c. Inadequate investment in UTHCT in previous years
- d. Inability to obtain adequate PUF funding for UTHCT
- e. History of UTHCT not using debt instruments to build campus

III. Future Initiatives of High Strategic Importance

1. Formation of a strategic educational alliance between UT Health Center at Tyler and UT Tyler to make UTHCT/ UTT the major teaching entities in health sciences and biotechnology in East Texas, which will require UTHCT obtaining limited degree-granting authority. (See Section II.A.1 and Section II.B.1)

This initiative has been discussed previously in another section of this Compact in which Objectives, Strategies, Resources, and Progress Measures, are outlined: Major Ongoing Priorities and Initiatives, Long-Term Goals (Section II.B.1). Because of the long-range aspect in achieving this goal and the importance it represents to the goals of both UTHCT and UT Tyler and to UT System goals, it is also listed in Section III, Future Initiatives of High Strategic Importance.

UTHCT and UT Tyler have agreed to work towards the development of Joint Schools of Health Sciences and of Graduate Studies in Biological, Biomedical, and Allied Health, as well as Joint Institute in Biological, Environmental, and Health Sciences to compete for research and contract support for the East Texas Region. These endeavors will consist of joint faculty, chairs, and collaborative research.

Limited degree-granting authority will strengthen UTHCT's graduate degree work with other institutions of higher education. These degrees will support UTHCT's medical education programs. UTHCT would be able to train graduate students in biotechnology/biomedical areas that will result in a sufficiently trained workforce to treat certain diseases, and support commercial biotechnology efforts. They will help support the growing research endeavors at UTHCT and UT Tyler. Moreover, these educational programs are desperately needed in East Texas. East Texas students would be able to obtain health-related baccalaureate degrees. Also, the programs will attract trainees on a national basis.

Collaborations with UT Tyler will meet the 78th State Legislature's direction that the UT System encourage more collaboration among institutions of higher education. These collaborations will also increase research opportunities for both UTHCT and UT Tyler. They will facilitate the efforts of each institution to make tangible progress towards achieving academic and health care excellence.

2. Expand UTHCT's externally funded research to \$30 million program within the next 10 years. (See Section II.B.4)

Investments that support the growth of the faculty, their capital equipment needs and infrastructural support will need to be implemented in order to facilitate the development of an internationally recognized research program primarily supported by extramural funding of \$30 million at UTHCT within the next 10 years. UTHCT posits that the growth of an academically acclaimed research enterprise can be achieved at UTHCT and that thematic growth building upon its existing programmatic, intellectual, and material assets will attain the desired financial parameters within a decade.

Objectives

UTHCT plans to promote the growth and academic stature of research programs at UTHCT that broadly engage the themes of infectious diseases, lung injury and its repair and clinical research in the disciplines of aging and health disparities (particularly in rural East Texas). There are internationally recognized investigators and their teams in place at UTHCT that are the foundation upon which further growth is predicated.

Strategies

UTHCT plans to incorporate practical independent but complementary elements that additively contribute to the growth of the research program at UTHCT:

- a. Growth of the faculty - Basic and clinical members will need to be recruited to attain critical mass to achieve the financial research program target, as described and justified below.
- b. Acquisition of requisite capital assets - The new investigators will require investments in capital assets to support their work, including laboratory equipment as described below.
- c. Acquisition of a Graduate Degree-granting Program in the Biomedical Sciences - The basic investigative teams require adequate staffing, primarily with post-doctoral fellows and graduate students to accomplish the work proposed in the grants. It is therefore critical that a graduate program in the Biomedical Sciences offering PhD degrees be established at UTHCT over the next 5 years. The requested resources described below are therefore justified by logistic necessity, by critical need to support the work product of the research program and by the requirement to provide intellectual vitality to the enterprise.
- d. Infrastructural development - Research facilities, including basic laboratories, vivarium facilities, specialize laboratories with BSL-3 capacity, and a Clinical Research Center will need to be built to house the new investigators.

Required Resources

UTHCT recognizes that revenue derived from current extramural funding needs to be leveraged to foster the growth of the research program at UTHCT. Therefore, indirect revenue from existing grants will be committed to that growth. In addition, investigative teams are being organized to compete for Program Projects at this time: one in the area of lung injury and repair and another in the discipline of mycobacterial disease pathogenesis. However, additional faculty will need to be recruited in key areas, including genomics and proteomics as well as epidemiology to achieve the desired growth of the research program within 10 years. A critical mass of new faculty members will need to be achieved and quartered in new laboratories. Given a robust target of \$30 million of annual extramural grant funding in 2014, a nearly 12 fold increment over current funding levels and

factoring in new collaborative efforts, the basic faculty extramurally funded investigators will need to quadruple from current levels; from 16 to 64 such faculty members. Additional clinical faculty with extramurally funded research will need to be recruited to leadership and staff positions. Over the next decade, 36 such clinical faculty will need to be recruited with academic interests in any of the key disciplines; infectious disease, lung injury and repair or clinical investigation. These investigators will require at least a quadrupling of our existing and new laboratory space, currently about 130,000 sq. ft. Building costs will therefore approximate \$44 million dollars. Capital equipment costs including lab start up packages for new faculty are estimated conservatively at \$12,000,000. Support of beginning investigators (30) will conservatively cost \$3,000,000, assuming commitments averaging \$100,000/year for 3 years. Vivarium and specialty building projects, such as BSL-3 facilities, are estimated to cost another \$15,000,000 over the next decade to support the growth of the research program. Commensurate salary and fringe, assuming a 40% coverage through extramural support and a mean salary of \$120,000 x fringe of 25% = \$150,000 and 84 new basic or clinical faculty will account for a \$7.5 million increment in salary support for the investigators during this time, prorated on an annual basis. The creation of a fully equipped Clinical Research Center, supported by NIH funding will require an initial investment of \$2 million.

The Graduate PhD Program in the Biomedical Sciences in the aggregate will require an investment of up to \$10 million over the next decade, considering support functions, staff and collaborations with UTT that will require financial resources.

Progress measures

These parameters are the same applied to the assessment of the productivity of all UT components. They include assessment of total extramural grant support including direct and indirect revenue and research expenditures, endowments and their expenditures, numbers of grants obtained by funding source, award of larger grants including Program Project Grants (PPGs) and Special Clinical Center for Research (SCCOR) grants, honors and awards given to the faculty, manuscripts published and citation scores of the journals in which they appear, regional and national rankings in terms of funding of the aggregate research effort and prorated by faculty member, percentage of faculty funded by extramural grants and research expenditures as a whole and considering operational costs born by the institution.

3. Develop Four Major Centers for Excellence

UTHCT is not, nor will ever be, a large enough institution that excels in all educational, research, and clinical areas. Therefore, UTHCT plans to focus its attention in four distinct areas and to develop Centers of Excellence in those areas over the next ten years. UTHCT already has many programs and initiatives in place or planned to support these four areas:

- a. Geriatrics – The Center will focus on the Health Care challenges of individuals living in rural and small communities; particularly in East Texas.
- b. Lung Diseases Research – The Center will focus on lung injury and repair, as well as, new clinical modalities for the treatment of Lung disease.
- c. Infectious Diseases and Center for Pulmonary Infectious Disease Control (CPIDC) – The Center will continue to expand its research efforts in infectious diseases such as TB, atypical mycobacterial disease, chronic infections, new and emerging diseases.
- d. Rural Health Disparities – The Center will focus on the challenges facing special populations in rural areas, particularly poor areas such as northeast Texas.

Objectives

As each of these Centers for Excellence is developed, the goals for each are as follows:

- a. Become a major research and teaching entity at UTHCT specifically related to these four areas

- b. Develop a substantial budget and generate revenue, each of which is attributable to these Centers
- c. Achieve a statewide reputation and respect so that UTHCT becomes an institution that others pursue for education, research, and patient care

Strategies

The following strategies have been initially identified to make these four Centers for Excellence a reality within ten years:

- a. Develop business plans for each area and implement the action plans outlined in each plan
- b. Raise the necessary funds and develop revenue-generating strategies so that the UTHCT mission for education, research, and patient care is met
- c. Seek and obtain UT System support
- d. Seek and obtain State and Federal Legislative support
- e. Redirect clinical revenue and indirect research revenue

Resources

- a. Local revenues
- b. Indirect revenue funds
- c. Philanthropic funds
- d. State funds
- e. Tuition revenue
- f. Federal earmarks

Progress Measures

Over the next ten years, UTHCT expects each of the four Centers for Excellence outlined in this Section to be generating a minimum of \$4 million a year in externally funded research.

IV. Other Critical Issues Related to Institutional Priorities

- A. Impact of Initiatives – summary of impact this initiative may have on following areas and initial ideas for addressing them – if not already discussed in sections II-III above:
 - a. Enrollment management
The UTHCT initiatives outlined above will provide more opportunities for East Texans to pursue education in health care in their own community.
 - b. Diversity
These initiatives will allow rural populations, particularly rural minority populations, to benefit from UT program to the same extent as those offered in urban areas.
 - c. Community and institutional relations
The initiatives will improve the UT image in East Texas.
 - d. Finances and Facilities
As stated in the initiatives above, they will improve educational opportunities for residents in East Texas and stimulate the East Texas economy.
 - e. Other infrastructure issues
UTHCT believes that additional infrastructure is essential to the development of these initiatives.
- B. Unexpected opportunities or crises – None identified.

V. System and State Priorities

A. Increasing student access and success and collaboration among UT System institutions, particularly academic-health institution collaborations

The development of an academic program at UTHCT, especially in collaboration with UT Tyler, will aid in the UT System efforts to “Closing the Gaps” that exist in Texas, particularly for rural populations in East Texas.

B. Increasing external research funding

The development of graduate studies program in East Texas is absolutely critical to UTHCT and UT Tyler in obtaining greater research funding.

VI. Compact Development process

The development of this Compact is based primarily on the UTHCT Strategic Plan (FY04-FY07).

In 2002, UTHCT established a long-range strategic planning committee. These individuals represented all aspects of UTHCT (research, faculty, education, administration, staff). This group of individuals began an in-depth review of key environmental factors; the overall state of UTHCT; the growth of the East Texas market; and the market potential of core UTHCT programs. An assessment and inventory of UTHCT’s strengths, weaknesses, opportunities, and challenges were formulated. Then, Dr. Calhoun held executive planning retreats throughout CY03 to identify further the projects, programs, and initiatives that were of greatest importance to the Health Center. All of these discussions provided the impetus for the development of the key priorities that are the focus of the UTHCT Strategic Plan. The UTHCT FY2005-FY2006 Compact includes the top priorities and initiatives that have been pulled from UTHCT’s Strategic Plan. Also, UTHCT and UT Tyler have had a series of meetings to discuss possible collaborative initiatives, some of which are documented in this Compact.

Once the FY2005-2006 Compact was developed, a draft copy was provided to the UTHCT clinical and research faculty for their review and comments. Their comments were reviewed and incorporated into the Compact, as warranted.

VII. System Contributions

- Support for educational program expansion and development of degree-granting authority (Health Affairs)
- Collaborations support with other institutions (Health Affairs; Academic Affairs)
- Legislative budget support (Health Affairs, Governmental Relations)
- Fundraising (External Relations and Development)
- Support for additional education and research facilities (Government Relations; Office of Facilities Planning)
- Support for growth in UTHCT endowments (External Relations and Development)
- Term tenure for UTHCT faculty (Health Affairs; Academic Affairs)
- Support for UTHCT campus infrastructure (Health Affairs; Office of Facilities Planning)

VIII. Appendices

Budget summary

**The University of Texas Health Center at Tyler
Operating Budget
Fiscal Year Ending August 31, 2004**

	FY 2003 Adjusted Budget	FY 2004 Operating Budget	Budget Increases (Decreases) From 2003 to 2004	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ -	-	-	-
Federal Sponsored Programs	4,450,346	4,888,966	438,620	9.9%
State Sponsored Programs	398,766	435,266	36,500	9.2%
Local and Private Sponsored Programs	1,767,663	1,273,015	(494,648)	-28.0%
Net Sales and Services of Educational Activities	3,491,822	2,339,491	(1,152,331)	-33.0%
Net Sales and Services of Hospital and Clinics	50,886,410	61,365,856	10,479,446	20.6%
Net Professional Fees	15,396,694	13,150,470	(2,246,224)	-14.6%
Net Auxiliary Enterprises	1,171,804	1,171,804	-	0.0%
Other Operating Revenues	744,944	3,650,555	2,905,611	390.0%
Total Operating Revenues	<u>78,308,449</u>	<u>88,275,423</u>	<u>9,966,974</u>	<u>12.7%</u>
Operating Expenses:				
Instruction	7,791,503	8,453,426	661,923	8.5%
Academic Support	-	-	-	-
Research	12,349,387	13,398,523	1,049,136	8.5%
Public Service	-	-	-	-
Hospitals and Clinics	80,150,091	86,959,199	6,809,108	8.5%
Institutional Support	7,685,193	8,338,084	652,891	8.5%
Student Services	-	-	-	-
Operations and Maintenance of Plant	9,547,273	10,358,357	811,084	8.5%
Scholarships and Fellowships	-	-	-	-
Auxiliary Enterprises	971,169	769,977	(201,192)	-20.7%
Total Operating Expenses	<u>118,494,616</u>	<u>128,277,566</u>	<u>9,782,950</u>	<u>8.3%</u>
Operating Surplus/Deficit	<u>(40,186,167)</u>	<u>(40,002,143)</u>	<u>184,024</u>	<u>-0.5%</u>
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	39,649,183	37,475,619	(2,173,564)	-5.5%
Gifts in Support of Operations	503,075	683,694	180,619	35.9%
Net Investment Income	2,042,932	2,574,779	531,847	26.0%
Other Non-Operating Revenue	-	1,079,396	1,079,396	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	<u>42,195,190</u>	<u>41,813,488</u>	<u>(381,702)</u>	<u>-0.9%</u>
Transfers and Other:				
Transfers From Endowments	-	-	-	-
Transfers (To) Endowments	-	-	-	-
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(1,372,151)	(1,031,075)	341,076	-24.9%
Other Additions and Transfers	101,184	-	(101,184)	-100.0%
Other Deductions and Transfers	(219,255)	(219,255)	-	0.0%
Total Transfers and Other	<u>(1,490,222)</u>	<u>(1,250,330)</u>	<u>239,892</u>	<u>-16.1%</u>
Surplus/(Deficit)	<u>\$ 518,801</u>	<u>561,015</u>	<u>42,214</u>	<u>8.1%</u>
Total Revenues	\$ 120,503,639	130,088,911	9,585,272	8.0%
Total Expenses and Debt Service Transfers	(119,866,767)	(129,308,641)	(9,441,874)	7.9%
Surplus (Deficit)	<u>\$ 636,872</u>	<u>780,270</u>	<u>143,398</u>	

Statistical profile

Health Center Tyler					
	1999	2000	2001	2002	2003
Accredited GME resident programs	2				2
Residents in GME accredited programs	24				24
Federal research expenditures	\$2,297,638	\$2,807,980	\$3,063,099	\$2,783,554	\$3,493,251
Faculty fall headcount	124	116	118	119	
Classified staff	1,040	1,129	1,087	1,080	1,051
Non-Classified staff	77	85	91	99	82
Hospital admissions	3,504	3,714	3,554	3,805	
Hospital days	28,163	29,802	29,451	29,021	
Clinic visits	126,585	132,772	135,978	140,473	
Un-sponsored charity care	\$2,619,752	\$3,261,170	\$4,992,457	\$5,405,720	
Endowment total value	\$16,473,000				\$28,288,000

Institution-specific information

	Comparative Peer Institutions							Aspirational Peer Institutions		
University	UT Health Center at Tyler	Broadlawns Medical Center - University of Iowa College of Medicine	Contra Costa Regional Medical Center (MartinezCA) - University of California at Davis	LSUHSC - University Medical Center - Lafayette	LSUHSC - Moss Regional Hospital - Lake Charles	Metropolitan Nashville General Hospital - Meharry Medical College	University Hospital at University of New Mexico Health Science Center - Albuquerque	MetroHealth System, Cleveland, OH - Case Western Reserve University	Harborview Medical Center - University of Washington	Halifax Medical Center - University of Florida - Tampa
Total FP Residents	20	20	29	21	19	20	42	19	23	24
Licensed Beds	127	200	164	208	108	150	344	680	413	765
Staffed Beds	127	117	124	128	54	127	249	529	349	672
Total Discharges	3431	5032	7899	5960	2440	5638	18717	23975	118778	25962
Inpatient Days	27556	21205	44069	33013	13996	30454	89149	135952	27556	119072
Medicare Discharges	1877	1016	1391	544	308	763	2948	5794	4044	12037
Medicare Percentage Days	55%	20%	18%	9%	13%	14%	16%	18%	24%	46%
Medicaid Discharges	315	795	3727	1811	411	3303	5822	8806	6765	3498
Medicaid Percentage Days	9%	16%	47%	30%	17%	59%	31%	37%	40%	13%
Emergency Department	8562	34973	54804	44965	41416	26053	61059	68155	49468	86299
Total Revenue	75041266	71694916	204690410	58408782	22804856	64084852	254078471	370001000	381262967	282222845
Medicare Net Revenue	21816994	10991323	25747188	5311870	2570950	9712442	44722292	80162000	69649030	129551002
Medicare Percentage	30%	17%	18%	9%	12%	15%	19%	24%	20%	53%
Medicaid Net Revenue	9351242	6382523	72799219	50630298	18904727	18304359	86357337	139176000	110861060	14708727
Medicaid Percentage	13%	10%	51%	88%	85%	29%	36%	41%	32%	6%
Medicare DSH Payment	3483012	783924	2983448	756701	0	2143035	6008032	8661000	4476775	3291266
Medicare DSH %	0.35	0.43	0.79	37.07	0	86.7	0.63	59.15%	39.7	23.84
Medicaid DSH Payments	5000000	0	0	41997143	17083776	0	8752838	0	0	13371
Total Outpatient Visits	135978	131038	338766	185019	138950	82499	401867	692849	330995	398859
Total Operating Expenses	72186816	82173256	202300288	62152081	29326349	63915530	244603536	351818000	372574452	273716000
State or Local Appropriation	28341329	29734706	25371173	0	0	28098418	28949526	23100000	8026092	0
Medicare Direct Med Ed 2001	1506934	556862	459952	344899	19852	598225	2220806	8164000	2469725	1054867
Medicare Indirect Med Ed 2001	909532	424234	670959	807918	0	601543	6114781	910000	6472177	1385123