

The University of Texas Medical Branch

Compact with the University of Texas System
2004-05 and 2005-06

I. Introduction: Institutional Mission and Goals

The University of Texas Medical Branch (UTMB), the oldest of the six health sciences universities in The University of Texas System, was created as a public trust to safeguard and advance the health of all Texans. Our mission is to provide scholarly teaching, innovative scientific investigation, and state-of-the-art patient care in a learning environment. The University is committed to excelling in the generation, dissemination and application of knowledge to better the health of society. For more than a century, UTMB has honored this commitment by remaining true to its core values of *service, education, diversity, innovation, and community*.

UTMB is much more than the sum of its four schools, two institutes, extensive clinical care complex of six hospitals, network of campus-and community-based clinics throughout East and Southeast Texas, and numerous research facilities. It is a community of professionals dedicated to healing the sick, regardless of their ability to pay; to addressing the health needs of special populations; to educating tomorrow's health care team; to finding answers to biomedical puzzles; and to adding value to the communities the University serves. Nearly 2,500 faculty (including full-time, part-time, and volunteer) teach 2,058 students and 556 medical residents and fellows.

Educational programs in UTMB's four schools emphasize creation of a diverse work force of health professionals and scientists who can work as a team to better the lives of patients and improve the quality of life in their communities. Renowned distance education initiatives, including web-based course offerings and complete online curricula, enable UTMB faculty to reach students and practitioners who, because of their remote location, might otherwise be unable to take part in University courses or continuing education programs.

UTMB is also a health care system that offers patients from the state, nation, and world a comprehensive approach to quality care. Clinical areas of excellence include cardiology and cardiothoracic surgery, diabetes care, behavioral medicine, geriatric services, and trauma care. UTMB is also dedicated to caring for special populations, including women and their unborn or newly born children, the unsponsored, seniors, and the incarcerated. A pioneer in the field of telemedicine with over 100,000 such consults to its credit, UTMB has established telehealth connections with such diverse groups as special-needs children in East Texas; epilepsy patients; workers on offshore oil rigs in the Gulf of Mexico; employees of a Galveston-based insurance company; cruise ship passengers; seniors in rural Texas; county, state and federal inmates; and workers at research bases at the South Pole.

Research programs at UTMB enhance human health by advancing medical knowledge. They are multidisciplinary, not only to make the best use of available resources but also to enable scientists and clinicians to delve into a broad range of promising basic and clinical science topics that often have immediate application to patient care. Research areas of excellence include biodefense, infectious diseases, and vaccine development; neurosciences, pain management, and stroke treatment; gastrointestinal health; environmental health and asthma; cancer; molecular medicine; aging; and diabetes.

In addition, the University bolsters the health of the regional economy. A recent independent study, using fiscal year 2001 data, indicated that UTMB's presence results in nearly \$305 million in business volume in Galveston County, and that more than 19,000 Galveston County jobs are directly or indirectly related to the University. Statewide, UTMB's effect on business volume amounts to nearly \$1.4 billion. More than 31,000 Texas jobs are directly or indirectly related to the University's presence. Additionally, in fiscal year 2003, UTMB provided more than \$404 million in unsponsored care charges to Texans whose needs were great but whose resources were limited.

UTMB is much more than a collection of hospitals, offices, laboratories and classrooms. It is a place where dedicated, compassionate individuals work together for a common good. It is a place where exceptional professionals use their training and their sense of commitment to recognize and meet pressing needs. It is a place where those in need can seek the best care science can offer. It is a place that prides itself on helping those who cannot help themselves.

As a state agency and in support of its mission, UTMB has established four unique, interdependent goals that build upon its existing strengths and its uniquely synergistic environment. The goals are as follows:

- Educate health professionals for tomorrow's medicine in a way that fosters continuous learning. Provide instruction that prepares students, residents, and fellows in all four schools to meet the evolving health needs of all segments of our society while instilling in those students a commitment to lifelong learning, an understanding of and a dedication to the pursuit of scientific knowledge in the service of humankind, an appreciation of underlying human values, and a sensitivity to cultural differences.
- Conduct biomedical research using a multidisciplinary, collaborative approach with teams of investigators, both within the institution and with other entities that meets the highest standards of scientific inquiry.
- Address the health needs of the medically underserved using innovative approaches and teams of health professionals who provide accessible, safe, and affordable health care of the highest quality.
- Serve the public at large by applying our experiences to help break down barriers to care and taking a leadership role in developing health policy for the state and nation.

II. Major Ongoing Priorities and Initiatives

By definition the Compact does not include all of the institution's priorities. There are many outstanding faculty and staff dedicated to numerous institutional initiatives of major importance. However, for the purposes of the Compact, the following are the highest short-term and long-term priorities and initiatives.

Short-Term Priorities (1—2 years)

Priority # 1 As an effective steward of finite resources continue to improve cash flow from operations to support education, health care and research, thus improving the health of the special populations we serve.

Objectives:

To ensure the financial health of the University – and therefore secure its ability to educate future generations of health professionals, care for patients, and further medical science – UTMB is committed to enhance revenue sources and control costs in order to increase cash flow and achieve greater margins.

Strategies:

- Improve health care revenue mix by managing and controlling the amount of services provided to uninsured patients, improving financial screening to assist patients identify potential payer sources, developing programs that target commercial patients, developing patient retention programs, pursuing commercial plans in our market area for which we are not currently a provider, expanding programs to accommodate patient backlog, expanding the successful elder care unit in the hospital, and opening Geriatric clinics in the community.
- Develop and refine medical management processes. Use new care pathway protocols and information technology such as the Pharmacy Management System and the Electronic Medical Record to effectively manage the medical care of patients, thereby reducing variation in care and improving the quality of medical outcomes.

- Develop partnerships with the community to conduct demonstration projects in the areas of health disparities and outcome oriented programs to find new, better, and more cost effective ways to provide care to uninsured patients.
- Continue to review and renegotiate county contract terms and reimbursement rates based on performance to recognize the actual cost of provided health care services.
- Work with the Texas Legislature and the Texas Department of Criminal Justice (TDCJ) to increase funding for the Correctional Managed Care contract to recover the cost of the provided health care services.
- Work with the Texas Legislature to restore the Multi-categorical Teaching Hospital Fund to \$40 million per biennium, plus fund medical inflation on indigent care.
- Increase sponsored research activity using our demonstrated strengths in emerging infectious diseases and bio-defense, and promoting the BSL4 lab to recruit new faculty and secure new research funding.

Resources:

Increased county and state funding for the care of unsponsored patients; reimbursement models that recognize telehealth and other technology based services; and increased TDCJ and county contract reimbursement will fund the strategies.

Progress Measures:

Results will be measured by increased sponsored patient volume; maintaining unsponsored patient cases at funded levels; patient outcomes that meet or exceed median national benchmarks; decreases in cost per case, length of stay, and other patient care benchmark measures; increased funding from TDCJ managed care contract; and improved operating margin.

Major Obstacles:

Governmental entities and local communities will continue to resist providing increased funding to address care for the uninsured. Access to health care through the Emergency Room for non-traumatic injuries will continue to cause significant strain on hospital operations. Private providers may look at UTMB as a 'threat' to their practices. The legislature may be reluctant to adequately fund the correctional care system.

Priority # 2 Support the national call for re-engineering the clinical research enterprise by increasing translational research in concert with the National Institutes of Health Roadmap, so that advances discovered at the research bench can more readily be applied at the patient's bedside.

Objectives:

A major institutional focus is to strengthen collaborations between UTMB and the other U. T. academic and health institutions, and between UTMB and government and commercial entities. UTMB will increase extramural funding for translational research and thereby increase the pace of discoveries and clinical development in the life sciences.

Strategies:

- Establish a clinical research center in Central Texas to manage clinical research activities and to attract multi-site clinical studies. Initially facilitate the development of an organization to assist in the management of clinical trials in the Central Texas area; establish business agreements with participating institutions for IRB approvals of clinical trial protocols; establish agreements with Central Texas based organizations to help identify industry sponsored clinical trials that match the interests of participating organizations in the areas of infectious diseases, aging, neurosciences, addiction research, and women's health; establish business agreements for central lab services; identify industry sponsored studies in the Austin area; initiate clinical study activity initially at one

site among the participating organizations; create a system for shared core activities for all clinical studies; and establish metrics for clinical trial productivity.

Subsequently conduct clinical trials at multiple sites among the participating organizations; utilize relationships between The University of Texas System components across the state to conduct well-organized multi-site clinical studies and clinical trials; and cultivate long range research interests by initiating at least one pre-clinical study in a niche area such as bio-nanotechnology.

- Contribute to the establishment of a Neuro Imaging Center at the University of Texas at Austin to support collaborative studies involving UTMB and U. T. Austin faculty members. Supporting tactics include: provide Medical supervision for studies on human subjects; support neuro-behavioral studies at UT Austin; and produce radiological evaluation of high-resolution images from patients referred from the Central Texas VA.
- Establish a Center of Excellence in Space Life Sciences through collaboration with Johnson Space Center/NASA. Supporting tactics include: create a core test facility that supports counter-measure validation studies; initiate a bed rest study for the NASA Artificial Gravity program; and support additional studies related to NASA's Bioastronautics research program.
- Evaluate existing clinical data for information on incidence, mortality, and prevention of disease by initiating studies to utilize basic science tools of genomics and proteomics to identify genes associated with diseases being studied in clinical trial research at UTMB.

Resources:

Each of the objectives will require committed time for UTMB clinicians and researchers to participate in new clinical research partnerships. Additionally the following resources will be needed: funding from federal, state, and local sources; capital funding to support renovating and maintaining core facilities at UTMB; funding from each of the participating institutions; funding from biotech and pharmaceutical companies to support collaborative initiatives; and funding from JSC/NASA for staff and support of clinical bed rest studies.

Progress Measures:

Collaborations and successful business partnerships between Texas public institutions and private industry generate a new source of funding for U. T. components, create opportunity for technology transfer, and promote the growth of research and development. This translates into a positive economic impact to the U. T. System and to the state of Texas.

Outcomes will be evaluated and results will be measured as follows for each of the objectives: number and dollar amount of clinical study and clinical trial proposals submitted to the clinical research center, number and dollar amount of clinical studies initiated, increase in clinical trial subjects and decrease in time required to recruit subjects for designated trials; increase in the number of space-related research collaborations and successful grant applications for space-related research that translates into new funding; and an increase in the number of collaborations with other regional institutions.

Major Obstacles:

Budgetary shortfalls for Texas and increasing costs to conduct research and clinical studies (i.e., compliance) will continue to be obstacles to achieving all the goals. Protected clinical time for UTMB investigators must be addressed. Lack of systems to expedite research and clinical study communication. Reaching consensus among research center partners on an Institutional Review Board approval process, liability issues, and study costs. Cultural differences between private industry and academic medical centers.

Priority # 3 Produce a framework for potential UTMB collaborative educational, research, and outreach activities in Austin in response to invitations from Austin Community leaders.

Austin community leaders and alumni have asked the University to prepare a plan to enhance and potentially expand existing health sciences education, medical research, and outreach activities in Central Texas. The priority is to produce a framework for potential collaborative educational, research, and outreach programs in conjunction with UTMB's Central Texas Institute for Research and Education in Medicine and Bio-technology (CTI) partners (Seton Healthcare Network, Central Texas Veterans Association, U. T. Austin, U. T. Houston School of Public Health, Austin Chamber of Commerce, and the St. David's hospital system) that support the community's, CTI's, and the University's mutual interests.

Objectives:

The objectives of program development in Austin include providing additional opportunities for students to receive undergraduate medical education in Central Texas, enhancing UTMB programs in graduate medical education, partnering with U. T. Austin in a combined M.D./Ph.D. program, reaching out and creating innovative models to care for populations at risk, providing opportunities for collaborative research projects between UTMB and the other project participants, and providing opportunities for Austin medical community scientists and UTMB scientists to participate in clinical trials.

Strategies:

Our strategy is to work with leaders in the Seton Healthcare Network, U. T. Austin, and the Central Texas VA, as well as city and county leaders, the medical community in Travis County, and other potential Central Texas partners to identify long-term needs, potential opportunities for collaborative projects, resource requirements, and timelines.

Resources:

Resources from the Seton Healthcare Network, CTI, UTMB and U. T. Austin will be required to develop the framework.

Progress Measures:

Progress measures will include (1) production of the interim and final framework document, (2) issuance of an economic impact statement, (3) an increase in the number of student and resident opportunities in Austin, (4) an increase in the number of research grants, and (5) the amount of philanthropic support to fund collaborative opportunities.

Major Obstacles:

The development of a consensus framework that addresses the needs of the multiple constituencies could be an obstacle.

Priority # 4 Leverage our strength in telemedicine to develop innovative programs that improve access to quality health care services and support the needs of underserved populations.

Objectives:

UTMB is recognized as a national leader in telemedicine, operating the largest such program in the world in terms of number of consults. The University has employed the technology to serve a wide variety of patients in underserved and/or remote areas of the state, nation, and world. Sustaining this leadership position will enable UTMB to continue improving access to health care services to these populations. This can be accomplished by maintaining a broad diversity of clinical telemedicine programs, working to establish widely recognized standards and delivery models, and influencing policy development for delivery, evaluation and payment relative to telemedicine. Our strengths will be applied to identify unique opportunities for revenue enhancement, and to expand our contribution to the research and academic aspects of telemedicine.

Strategies:

- Identify and increase specific clinical telemedicine services with direct influence on revenue streams to enable growth in the program and enhance UTMB's competitive stance in this field. It will be vital to secure the involvement of physicians and other health care providers, and infrastructure to maintain a competitive edge in innovation. Supporting tactics include meeting monthly with telemedicine providers to discuss new programs and opportunities; developing at least one new telemedicine program each year; and continuing to expand staffing within the Telehealth Center to support evaluation of new delivery models. Being fully equipped and staffed will also nurture UTMB's uniquely entrepreneurial orientation that enables the University to quickly anticipate market direction, develop concepts to meet anticipated needs, and implement resulting telemedicine solutions.
- Privatize specific aspects of telemedicine, such as the creation of a virtual corporation that would facilitate risk-bearing contracts and the attraction of venture capital.
- Secure a significant increase in the funding of UTMB's SBC Telehealth Research Center by continuing to pursue grants to support specific research questions, and working with private foundations.
- Leverage state funding for maintenance of programs and utilize grants and endowments to develop new opportunities.
- On the research front, generate new knowledge with an emphasis on outcomes, costs and model testing. Produce evidence based data to encourage policy makers and insurers to reimburse telehealth consults. Enhance UTMB's visibility and recognition in the literature, public relations media venues, and scholarly scientific publications, thus expanding the awareness of potential sponsors and practitioners.
- Expand the capabilities of the UTMB Telehealth Resource Center to increase the number of rural partners in the service population and create at least one new project with a rural partner.
- Maintain the on-going environmental assessment to anticipate and respond quickly to new modes of home health services, monitoring of heart patients, gerontology services and other potential clinical applications.

Resources:

State funds will continue to be the primary resource for existing programs, while grants, contracts and endowments will be the primary resources for establishing new programs with the potential to generate revenue in the future. In partial support of the strategies related to staffing and infrastructure, the Center for Telehealth will need formalized business development and planning resources. It is estimated that \$1.5 million will come from the state and \$1.3 million from grants during the two-year period to fund the strategies.

Progress Measures:

Measures include the type and level of diversity of services and associated expansion into new markets, number of telemedicine visits, number of specialties involved in clinics, increase in diversity of grant dollars, and insurance reimbursement patterns. Additional metrics will address the number, type, and significance of policy changes concerning telemedicine, and progress in establishing the legitimacy of telehealth activities and UTMB's status as a unique provider in the market. Other progress measures include the successful creation of two proprietary telehealth courses and curricula for other providers. Finally, we will measure the degree of cost savings in telehealth-related technology and infrastructure and in our ability to demonstrate return on investment.

Major Obstacles:

The foremost obstacle is securing adequate funding for start-up of new programs and continued innovation. Cross-state licensure issues, although not a factor in the federal setting, present an obstacle for interstate operations. Finally, Medicare and Medicaid reimbursement difficulties and the additional fact-finding required to determine eligibility for those seeking treatment via telemedicine are obstacles to overcome.

Long Term Priorities (2—4 years)

Priority # 1 Successfully complete the five-year comprehensive campaign in order to support areas of excellence at UTMB that are critical to achieving institutional priorities.

Objectives:

UTMB has embarked on its *Timeless Values, Pioneering Solutions* comprehensive campaign, an effort aimed at securing \$250 million in philanthropic support, including contributions received from The Sealy & Smith Foundation, between September 1, 2003, and December 31, 2008. The campaign will build upon UTMB's unique and complementary strengths in four broad-based areas that are critical to the health of the state and the nation: infectious disease, biodefense, and vaccine development; telehealth and improving access to care; longevity, chronic diseases, and neurological recovery; and teaching the art and science of health care. Campaign priorities will benefit programs of excellence in all four UTMB schools, as well as university wide research and clinical care programs. Public announcement of the campaign is anticipated at the beginning of FY 2006.

Strategies:

- Continue to refine the University's case for support and to secure leadership gifts as part of the campaign's "silent phase" during the first year.
- Increase UTMB's visibility and the level of awareness of UTMB programs and people among key constituents and the Texas community at large.
- Continue to increase involvement of alumni and friends in championing UTMB and its mission. Regional committees headed by volunteer leadership have been established, and regional plans are being developed for Galveston, Houston, Austin, Dallas/Fort Worth, San Antonio, and West Texas. Over the next two years, identify additional opportunities for support throughout Texas and beyond. This will include the Golden Triangle, Deep East Texas, Rio Grande Valley, and National areas. These committees comprise community leaders and alumni from each region.
- Internally, continue to improve the constituent database, stewardship, reporting, and recognition functions related to events and alumni relations, grateful patients, and development activities.

Resources:

Volunteer resources will be essential to meet the objectives. To date the number of members on the UTMB Development Board has been increased, and the current Board is among the most active and engaged in the University's history. In addition, UTMB has established volunteer relationships through multiple regional activities. This includes nearly 100 Development Board members and the recruitment of more than 60 UTMB campaign volunteers including 35 UTMB leaders, faculty, and staff who are actively involved with the Campaign Steering Committee and Faculty/Staff Campaign Committee.

Progress Measures:

The goal for the *Timeless Values, Pioneering Solutions* campaign is to raise \$250 million in commitments between September 1, 2003, and December 31, 2008. To date more than \$32 million has been committed. In addition, both campaign and annual goals have been identified by region and by campaign initiative. These goals are monitored monthly by institutional leadership and used to measure progress by the regional committees during quarterly meetings. As a result, strategies are continually under review and revision to foster success.

Major Obstacles:

Not unique to UTMB, obstacles to the success of our campaign have been identified as competition for philanthropy, the national and local economies, and the recruitment and retention of qualified major gift officers. We are competing for gifts with other campaigns under way or planned in Texas, and even closer to home, in the major medical complex located in Houston. As already experienced, a downturn in the economy or the stock market will have a significant impact on our ability to secure leadership and

major gifts. Across the nation, development offices continue to face the very difficult task of recruiting and retaining qualified major gift officers. It is not uncommon to hear of failed searches in the development field, with fewer qualified candidates interested in relocating.

Priority # 2 Successfully implement our capital facilities plan in order to accommodate improving our clinical facilities and expanding research opportunities.

Objectives:

Implement the capital facilities plan in accordance with the U. T. System Capital Improvement Plan (CIP), ensuring that all projects are completed within the approved budget and schedule. Ensure that all projects are linked to institutional goals and that the facilities needs of the educational, clinical care, and research missions of the University are met.

Strategies:

- Identify future needs with key stakeholders, including the deliverables and associated timeframes.
- Identify and secure appropriate capital funding for the projects. The capital facilities plan for the period will be funded by appropriate dollars (e.g., grants, gifts, and bonds).
- Contract with industry experts to analyze the scope of projects and ensure that our options are based on objective distinction between desires and true needs.
- Maintain continued support from the Office of Facility Planning and Construction (OFPC) for project management, design, and construction management consultation, as well as facility commissioning.
- Maintain our own cadre of skilled construction managers.
- Maintain U. T. System assistance in grant solicitation (federal and private funding) for new projects and infrastructure renewal.

Resources:

The resource requirements for this initiative are outlined in the U. T. System Capital Improvement Plan for UTMB, as amended by the Board of Regents at their August 2003 meeting. Over the next four years funding for the projects in the amount of \$360.9 million will be financed using the Permanent University Fund, bond funds, philanthropy, and income from operations. These resource requirements will be revisited from time to time to ensure that funding sources as outlined in the CIP are on track.

Progress Measures:

Amount of square footage (renovated and new) delivered within scope, budget, and schedule per the approved project plan. Obtaining the adequate financial resources to meet the project requirements.

Major Obstacles:

Potential obstacles to success in meeting these objectives include maintaining an adequate skill mix of personnel for project management and delivery of services on campus; resisting internal pressure from other institutional priorities to redirect funding to other priorities; and meeting the challenges of compliance with continually evolving codes and standards (e.g., new codes, mandated code changes, and regulations).

Priority # 3 Create an environment that allows us to recruit, retain, and develop a diverse workforce of faculty, staff, and administrators and thereby support our goal of graduating a workforce that reflects the diversity of Texas.

Objectives:

In keeping with its core value of diversity and its strongly held belief that a diverse health care workforce is key to health care quality, UTMB will increase the proportion of faculty, staff, and administrators who are members of underrepresented ethnic groups.

Strategies:

- Expand and enhance recruitment programs to more effectively search for candidates nationwide who are members of underrepresented ethnic groups.
- Provide a supportive environment for underrepresented groups that recognizes and values their culture and that addresses their career development needs:
 - Increase awareness of the value of cultural and language differences in an ever changing population.
 - Require continuing education courses that educate employees about cultural and language differences.
 - Expand Spanish language training for faculty and other employees.
 - Establish programs that pair underrepresented minority faculty and/or Administrative & Professional staff with individuals who can provide career development mentoring.
 - Provide protected time to minority faculty to support their career development.
- Establish supporting institutional policies to support this priority.
- Establish an institutional service with appropriate expertise to assist faculty recruits with housing and relocation assistance, and assist their spouses find employment.

Resources:

Funding for this priority will come from the reallocation of existing funds.

Progress Measures:

Progress will be measured by an increased proportion of individuals from underrepresented ethnic groups in faculty and administrative positions; increased retention of employees from underrepresented ethnic groups in faculty and administrative positions; and demonstrated career advancement among members of underrepresented ethnic groups in faculty, staff, and administrative positions.

Major Obstacles:

Nationally the pool of minority applicants with appropriate graduate degrees is small and UTMB has experienced strong competition from other institutions that are recruiting from the same limited applicant pool.

Priority # 4 Strengthen current and increase the number of innovative multidisciplinary education programs at UTMB in concert with developing the health care team of the future that works together seamlessly to address the needs of patients and their families.

Objectives:

UTMB will increase the number of innovative educational programs that promote multidisciplinary and team-based health care delivery. We will also increase satisfaction levels among students that the educational program has equipped them to perform effectively in a multidisciplinary team environment when they enter professional practice.

Strategies:

- Focus program development on student-based needs, organizing educational activities to support their roles in multidisciplinary teams.
- Enhance and expand sharing of educational resources and faculty, emphasizing more collaboration among schools. Opportunities include encouraging more faculty to teach courses in other schools, establishing more joint courses across schools, and conducting more cross-disciplinary forums.
- Develop approaches to foster and evaluate teaching excellence. Teaching award programs will support this endeavor by recognizing 'models' of teaching excellence, thereby raising awareness of successful and innovative approaches.
- Continue to develop the multidisciplinary education philosophy and model.

Resources:

Current institutional resources are in place to support these activities as an ongoing priority.

Progress Measures:

Success will be attained when Academic administration has developed a shared definition of the role(s) of a multidisciplinary team; innovative approaches for fostering and evaluating teaching excellence are developed; and teaching award programs are implemented. Ongoing performance measures will include the number of multidisciplinary educational activities, the level of collaboration among schools and school faculties, and student satisfaction measures regarding their understanding of and ability to apply the future roles of multidisciplinary teams in a multidisciplinary environment.

Major Obstacles:

Differences in educational approach exist among the schools due to the different types of students, variation in course schedules, and the structure of school curricula. There are also concerns that centralized educational activities will erode the discipline-specific areas.

III. Future Initiatives of High Strategic Importance

Priority #1 Achieve a more balanced portfolio for revenue by diversifying funding at UTMB in order to remain financially healthy despite changes in state and federal budgets.

Objectives:

UTMB's funding for Fiscal Year 2004 comes from five main sources: patient care, state appropriations, research grants, gifts/donations/philanthropy and other sources, and tuition and fees. UTMB's objective is to reduce the dependence on state appropriations as a percentage of total revenue and achieve a more balanced revenue portfolio with a target of 16% general revenue, 45% patient care, 20% research, and 19% other revenue sources. (See Table 1)

Table 1. Current and Projected Revenue Sources

FY04			FY14		
Percent of Revenue	Source	\$ in Millions	Percent of Revenue	Source	\$ in Millions
23%	State	289	16%	State	320
58%	Patient Care	724	45%	Patient Care	900
12%	Research	149.2	20%	Research	400
1%	Tuition	8.8	1%	Tuition	20
6%	Other	80.9	18%	Other	360
100%	TOTAL	1251.9	100%	TOTAL	2000

Note: "Other" includes dollars from philanthropy, patents, royalties, commercializing telemedicine, PUF, \$ for capital expenditures

Strategies:

- State Funding: UTMB will continue to maximize state funding opportunities and will put in place strategies to protect against sudden and substantial changes to state budget allocations/revenues. UTMB will clearly articulate and explain our special missions (e.g., addressing the health needs of the medically underserved), and explore developing UTMB as a multi-county hospital district serving Galveston, Harris, Brazoria, Chambers, and Jefferson counties.
- Patient Care: UTMB serves a large population of indigent and low-income, un- or underinsured patients. Although the amount of coverage provided by Medicare and Medicaid has been declining for the past several years, it is critical that we continue to be diligent in our efforts to maximize these reimbursements in order to continue treating the low income and elderly patients whose care is largely dependent on these payors. UTMB will enlist U. T. System support for legislative initiatives such as the

Indigent Care Fund. In addition, cost increases and inflation must be negotiated in contracts with all insurance payors. The contract for providing medical care to the inmates of the Texas Department of Criminal Justice System (TDCJ) needs to be renegotiated to be consistent with the actual cost of this care. UTMB will focus efforts in areas of clinical excellence, such as gastrointestinal disorders, geriatric services, neurologic recovery, diabetes, and asthma. With this strategy the University plans to increase the proportion of patients with commercial insurance from 15% to 20%.

- Research: The current 12% of UTMB's funding from research grants will be increased, as we focus on our research strengths such as infectious diseases, structural biology, and multi-institutional clinical trials. The Biosafety Level Four (BSL4) laboratory and the Galveston National Laboratory (GNL) will help attract research funds. UTMB will also focus on fostering multidisciplinary approaches to research and developing industry collaborations (e.g., Center for Research Translation). Collaborative programs with the Central Texas VA and U. T. Austin will continue to further our research ties with these entities. The consortium of U. T. Austin, Central Texas VA and UTMB will be used to develop a robust clinical trials program.
- Tuition: UTMB's objective is for all of its schools to be in the lowest quartile among comparable institutions in tuition and fees in the United States.
- Other: Greater effort will be put into commercializing intellectual property. To facilitate this, we will create a Center for Technology Management which will give our efforts in this area more visibility and emphasis. We have several technologies we believe can be commercialized to generate revenue, including our digital medicine systems (telemedicine/electronic medical record/care management) and distance education modules. We will also increase our efforts to generate additional revenues through development initiatives such as the Timeless Values, Pioneering Solutions comprehensive fund raising campaign which will broaden our philanthropic base.

Resources:

See Table 1. This initiative is interdependent with other institutional priorities.

Progress Measures:

Progress will be measured by tracking the funds received from the state and from patient care, research, philanthropy and other sources; quantifying the commercialization of our intellectual property and distance education programs; and determining how our tuition rates compare nationally.

Priority # 2 Maintain our position of social responsibility by having in each of our schools a curriculum that educates teams of health care professionals who are well-prepared to practice health care in the future.

Objectives:

Each school will develop a curriculum based on principles such as those of the 19th century medical scholar, Sir William Osler – that the practice of medicine should be patient-centered and focused on compassion - that addresses the needs of health care professionals who will enter practice by the 2010 period.

Strategies:

- The faculty will develop a philosophy of health care education that ensures the curriculum in each school addresses the ideals of humanism and compassion.
- UTMB will develop programs similar to the School of Medicine's Oslerian Scholars program in the School of Allied Health Sciences and the School of Nursing.
- Programs similar to the School of Medicine's problem based-learning model, which integrates hands-on patient care experience, small-group discussion and traditional classroom instruction to better prepare students for how medicine is practiced, will be evaluated for adoption in the other schools.

Resources:

UTMB will need additional gift funding to increase the number of Oslerian Scholars and for adopting similar programs in the other schools, for establishing problem based-learning models to the other schools, and for learning technologies.

Progress Measures:

A framework for curricula is developed to support the needs of health care practitioners in the 2010 period. There is an increase in the number of Oslerian Scholars and expansion of the programs to the other schools. Problem based-learning models are applied to instruction in the other schools.

Priority # 3 Become a recognized leader in shaping health policy in the area of addressing the health needs of medically underserved populations.

Disadvantaged populations, including children, the elderly, special needs patients, the indigent, and the working uninsured, face unique health problems and difficulty accessing health care and treatment protocols. UTMB is committed to eliminating these health disparities.

Objectives:

UTMB plans to establish a Health Policy Institute to perform research related to eliminating health disparities. UTMB serves a diverse population and is therefore uniquely positioned to inform decision makers about the issues surrounding health care delivery to disadvantaged populations. The Health Policy Institute will provide opportunities for students and faculty to conduct research to understand the nature and extent of health disparities, investigate the impact of such disparities on the health care system, and educate various public constituents about the issues regarding health disparities.

The Health Policy Institute, in collaboration with other UTMB departments and schools, will provide research opportunities to selected scholars in topics such as the effect of insurance on long-term health care outcomes, the needs of the working uninsured, and the effects of health care policy on the health of disadvantaged populations and the health care delivery system.

Strategies:

- Provide funding to support research at UTMB and at other institutions and organizations to study health disparities in underrepresented/disadvantaged populations.
- Establish collaborations with the U. T. Austin LBJ School of Public Affairs and the James A. Baker III Institute for Public Policy at Rice University, which are both engaged in public policy research.
- Present briefing papers, presentations and symposia, and host conferences to help decision makers understand issues related to health disparities.
- Attract federal, state, and philanthropic support to promote research related to health care policy and its effect on underrepresented/disadvantaged populations.

Resources:

UTMB has established a Program for Eliminating Health Disparities and is engaged in establishing collaboration with the U. T. Austin's LBJ School of Public Affairs and other institutions. UTMB is a member of the Consortium in Health Disparities established by the Center for Research and Minority Health at M.D. Anderson Cancer Center. Funding is being sought from several philanthropic sources to support research in health policy issues related to disparities.

Progress Measures:

The success of the Health Policy Institute will be measured by the accomplishment of the following: establishment of funding source(s) of a minimum of \$250,000 by 2007 to support health policy research; development of at least two focused research studies related to health disparities of particular interest to

UTMB by 2008; and formalization of a partnership with one institution and establishment of a collaborative research project on a topic related to health disparities by 2008.

IV. Other Critical Issues Related to Institutional Priorities

The priorities and initiatives presented in the previous sections will have a significant impact on our students, faculty, staff, patients, and the multiple communities we serve. They are aligned with our values, mission, vision, and goals, and specifically address diversity, community, stewardship, and facilities issues. Most importantly, the success and the foundation they form will ensure UTMB's ability to improve the health of society for generations to come.

Increasing student access and success is another UTMB initiative. In addition to emphasizing the institution's Strategic Enrollment Management Plan, the Academic Executive Council, comprised of the deans of the four schools, established the Student Affairs Council (SAC), which consists of associate deans for admissions and student affairs from the four schools and the associate vice president for student services. The SAC works collaboratively to increase the efficiency and effectiveness of the student affairs functions and processes across the four schools. We recognize that students are consumers who make their educational choice based on cost, value, financial support, business processes, flexibility of program requirements, course delivery, and name recognition. In response we have made improvements in our recruitment processes, student information systems, admissions processes, curriculum design, student life, student wellness, counseling, and other areas of student support.

Because a culturally diverse work force can better address the health care needs of a culturally diverse patient population, we recognize our responsibility to educate scientists, physicians, nurses, and allied health professionals who mirror the population they serve. In response, the University has designed and implemented plans for recruiting members from disadvantaged groups as students, faculty, and staff and for encouraging members of these groups to enter the health care professions. Specifically, UTMB has plans in place to enhance pre-college awareness programs, enhance and develop undergraduate awareness programs, enhance admissions processes, increase funding for scholarship programs, enhance academic support systems, and refine evaluation processes for recruitment and retention activities.

Each of the following are national, state, or local trends that could significantly affect UTMB's key priorities:

General fiscal constraint brought on by escalating health care costs, the increasing cost of technology and decreased reimbursement for clinical services: The United States spends a larger share of its gross domestic product (GDP) on health care than any other major industrialized country. Expenditures for health care represent nearly one-seventh of the nation's GDP, and they continue to be one of the fastest growing components of the federal budget. In 1960, for example, health care expenditures accounted for about 5% of the GDP; by 2000, that figure had grown to more than 13 percent. Although the rate of growth in health care costs slowed somewhat in the mid-1990s, it has once again started to rise at a rate that exceeds other sectors of the economy.

Decreased reimbursement for clinical services will remain a critical issue for UTMB. A U.S. Census bureau report released in September 2003 showed that the uninsured population grew by 2.4 million in 2002, increasing the total number of uninsured Americans to 43.6 million. As states continue to deal with fiscal challenges, teaching hospitals around the country have responded with a wide range of cost-containment strategies. The elimination of programs, service lines, and employee positions is a well-known and nationwide response. Cuts in Medicaid will further constrain our ability to provide health care to people in payer groups that don't reimburse us enough to cover our costs.

The introduction and use of expensive medical technologies by all age groups is another driver increasing costs. Additionally, the ability to recover costs after the implementation of new technologies is uncertain. The newly gained ability to shift many surgical procedures to the ambulatory delivery system has had an

adverse financial effect on hospitals. A combination of lower surgical admissions, which represents the loss of higher reimbursement potential for these cases, and higher admissions among the aging population and its low-reimbursement patterns, will present additional financial strain on providers.

Workforce shortage: The nationwide nursing shortage is the result of many factors, including declining enrollments and graduations from nursing schools, an aging workforce opting for retirement, and an older and sicker patient population that requires more nurses. Although nursing admissions increased this past year, there is a likely shortage of physicians on the horizon for similar reasons. Potential students are reluctant to invest significant time and money in a profession that is no longer perceived as offering top salary potential, at a time when an aging population will place increasing demands on the health care system in years to come.

Clinical capacity limitations and the increased demand for services from the aging population:

The aging of the population represents another significant contributor to the increased demand for clinical services and resulting need for proper facilities in which to provide care for the population. As UTMB's patient population continues to age and expand, the demand for primary care continues to focus on convenience, including geographic proximity, ease of access, and patient-centered care. The definition of what constitutes "primary care" has also expanded to include management of chronic diseases such as diabetes, common gastrointestinal and respiratory diseases, and high blood pressure. All of these increasing and expanding demands will tax clinical capacity.

The rising cost of higher education: Since the late 1990s, the cost of higher education has been rising faster than the rate of inflation due to the need to modernize facilities, keep up with advances in technology, compete to recruit and retain high-quality faculty, and address state fiscal issues. As the cost of providing high-quality advanced education has increased, increases in tuition and fees - intended as an offset - has become a national concern. By most estimates, at the current rate of increase, the cost of a typical four-year public college education will be nearly \$100,000 in the year 2010. The impact on academic medical centers will be higher, presenting a challenge to UTMB's goal of keeping tuition and fees in the lowest quartile among comparable institutions in the United States.

Facility renewal: Without adequate funding, the value of all fixed assets used for instruction and research will decline significantly during the 2004-2007 planning period. In addition to improving its margins UTMB will seek Permanent University Fund and special-item funding for these needs. The University will also explore the use of investor financing and other special financing programs in meeting our preservation and renewal needs. The size and age of UTMB facilities ensures that facility renewal will remain a critical issue relative to achieving institutional priorities.

Globalization of health: Globalization is understood as the economic interdependence among nations. Health, as a component of this worldwide trend, will continue to present evolving challenges and opportunities across UTMB mission areas. In just two decades, the epidemic of human immunodeficiency virus (HIV) infection and AIDS has progressed from being a medical curiosity to its current status as a global killer, changing the structure of families, hindering economic development, and even threatening domestic security of many countries in the developing world. The ease, speed, and volume of international travel combine to create an era of "diseases without borders." Maintaining a global view toward health and the associated implications will remain an issue now and in the future.

Consumerism: The rising cost of health care, at a time of increasingly constrained resources both in the public and private sectors will only accelerate the demand for proof that consumers are getting real value for the health care dollars they spend. As health care consumerism becomes more prevalent it will be defined by a demand for a broader range of services across the spectrum of care. Increasingly, patients will travel farther for better quality care that they choose for themselves. Health care consumers increasingly demand better cost control, quality, innovation, and shared decision-making between the provider and the patient.

The survival of academic health centers during the next five years depends on the economics of distinguishing between size and importance. The size of an organization, program, or project does not determine customer value or impact. Rather, customer value and impact are determined by the importance of the activity or innovation in positively transforming the health status of the population at large. The ability to correctly determine the important discoveries, innovations, technologies, and partnerships that will best improve human health will be the distinguishing factor for successful academic health centers.

V. System and State Priorities

UTMB's major on-going priorities and initiatives, and future initiatives outlined in this Compact demonstrate our alignment with the U. T. System and State's mission, philosophy, and goals regarding student access and success, development of collaborations among U. T. System institutions, increasing external research funding, benchmarking excellence in academic and health care education, and promoting development and alumni relations.

VI. Compact Development Process

UTMB implemented a strategic planning process in 1982 in accordance with rules established by U. T. System Board of Regents. Strategic plans have been reviewed and updated on a biennial basis and have documented the University's direction for the future. UTMB has continued to refine its planning process, increasing participation among faculty and students, and improving data collection, analysis, communication, goal setting, budgeting, and performance monitoring. Most notably, UTMB has initiated a broad-based scenario planning process to further improve the strategic planning process. The scenario planning process creates plausible views of the future environment the institution may find itself having to face, and the supporting strategies for improving institutional flexibility and decision-making in addressing the uncertainties of the future. The institutions planning processes are open and include broad based participation of administrators, faculty, staff, students, standing committees, and community representatives.

The development of the Compact was led by the President's Council, a multidisciplinary group consisting of UTMB's top-level administrators. The Council, which assembles weekly and communicates regularly as it maps out a course for the University's future, conducted a survey of the administrative leadership and held several retreats to address the Compact guidelines, review the status of existing institutional strategies, and identify the major priorities that would be included in the Compact. The development of the Compact did not constitute a separate institutional planning process. Existing entity strategic plans for research, the clinical enterprise, the schools, and priorities from the instruction's recently completed comprehensive fund raising campaign were considered in the selection of the major priorities. The Compact includes a subset of the institution's priorities that have been developed and vetted through ongoing institutional planning processes. For the Compact content teams were established, each with a liaison from the President's Council, to draft the priorities in the prescribed format. These teams collaborated with administrators, faculty and staff to develop the drafts. Drafts were reviewed by key program members within the institution. An overview of the Compact was presented to the Faculty Senate. The final draft was reviewed and approved by the President's Council and the President. Presentations to institutional constituents will be scheduled with institutional groups after the Compact is finalized.

VII. System Contributions

- Support for fundraising efforts (External Relations and Development).
- Support on legislative issues and appropriations, including TRBs, uninsured health care, and correctional care (Governmental Relations).
- Educational collaborations and health policy initiatives (Health Affairs).

VIII. Appendices

Budget Summary

**The University of Texas Medical Branch at Galveston
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	\$ 6,596,784	7,766,865	1,170,081	17.7%
Federal Sponsored Programs	92,451,004	99,585,883	7,134,879	7.7%
State Sponsored Programs	31,014,751	19,714,825	(11,299,926)	-36.4%
Local and Private Sponsored Programs	46,343,660	47,912,799	1,569,139	3.4%
Net Sales and Services of Educational Activities	1,100,000	1,100,000	-	0.0%
Net Sales and Services of Hospital and Clinics	552,361,263	608,714,105	56,352,842	10.2%
Net Professional Fees	92,075,195	98,526,387	6,451,192	7.0%
Net Auxiliary Enterprises	6,718,867	7,012,113	293,246	4.4%
Other Operating Revenues	5,171,641	13,973,364	8,801,723	170.2%
Total Operating Revenues	<u>833,833,165</u>	<u>904,306,341</u>	<u>70,473,176</u>	<u>8.5%</u>
Operating Expenses:				
Instruction	217,353,578	216,661,707	(691,871)	-0.3%
Academic Support	14,418,965	14,477,759	58,794	0.4%
Research	93,099,984	99,028,861	5,928,877	6.4%
Public Service	5,377,257	4,722,106	(655,151)	-12.2%
Hospitals and Clinics	675,279,687	719,448,463	44,168,776	6.5%
Institutional Support	86,137,023	88,621,151	2,484,128	2.9%
Student Services	2,891,459	2,551,914	(339,545)	-11.7%
Operations and Maintenance of Plant	48,871,673	47,639,614	(1,232,059)	-2.5%
Scholarships and Fellowships	2,617,629	2,345,636	(271,993)	-10.4%
Auxiliary Enterprises	5,935,263	6,529,315	594,052	10.0%
Total Operating Expenses	<u>1,151,982,518</u>	<u>1,202,026,526</u>	<u>50,044,008</u>	<u>4.3%</u>
Operating Surplus/Deficit	<u>(318,149,353)</u>	<u>(297,720,185)</u>	<u>20,429,168</u>	<u>-6.4%</u>
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	304,855,201	279,755,435	(25,099,766)	-8.2%
Gifts in Support of Operations	2,191,062	5,594,174	3,403,112	155.3%
Net Investment Income	19,532,916	20,795,758	1,262,842	6.5%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	<u>326,579,179</u>	<u>306,145,367</u>	<u>(20,433,812)</u>	<u>-6.3%</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	(7,462,073)	(8,853,885)	(1,391,812)	18.7%
Other Additions and Transfers	40,014,975	40,256,218	241,243	0.6%
Other Deductions and Transfers	(40,676,211)	(40,256,218)	419,993	-1.0%
Total Transfers and Other	<u>(8,123,309)</u>	<u>(8,853,885)</u>	<u>(730,576)</u>	<u>9.0%</u>
Surplus/(Deficit)	<u>\$ 306,517</u>	<u>(428,703)</u>	<u>(735,220)</u>	<u>-239.9%</u>
Total Revenues	\$ 1,160,412,344	1,210,451,708	50,039,364	4.3%
Total Expenses and Debt Service Transfers	(1,159,444,591)	(1,210,880,411)	(51,435,820)	4.4%
Surplus (Deficit)	<u>\$ 967,753</u>	<u>(428,703)</u>	<u>(1,396,456)</u>	

Statistical Profile

UTMB					
	1999	2000	2001	2002	2003
Fall UG headcount enrollment					
Allied Health	360	268	165	136	134
Biomedical Sciences	11	20	27	38	47
Nursing	326	423	430	450	417
Fall grad/professional headcount enrollment					
Allied Health	71	73	154	198	222
Biomedical Science	242	233	234	256	273
Medical	820	810	823	813	820
Nursing	111	100	94	114	145
Total enrollment	1,941	1,927	1,927	2,005	2,058
	year of graduation				
	1999	2000	2001	2002	2003
Baccalaureate degrees awarded					
Baccalaureate awards					
Nursing	148	156	171	201	163
Allied Health	191	212	141	95	38
Grad/Professional degrees awarded					
Biomedical Science	52	49	51	58	52
Nursing	61	31	46	21	37
Allied Health	36	35	36	37	74
Medical School	202	184	183	194	181
Total	351	299	316	310	344
	1999				2003
GME accredited resident programs	53				52
Residents in GME accredited programs	557				543
	1999	2000	2001	2002	2003
Federal research expenditures	\$55,061,209	\$61,356,467	\$63,274,494	\$78,100,188	\$93,039,583
	1999	2000	2001	2002	2003
Faculty fall headcount	1,100	1,012	935	1,135	
Staff fall headcount					
Classified staff	12,256	10,856	10,612	10,915	11,061
Non-classified staff	1,848	1,796	1,777	1,797	1,821
	1999	2000	2001	2002	2003
Hospital admissions	33,073	32,505	32,927	35,099	37,190
Hospital days	173,136	170,797	175,956	186,975	194,642
Clinic visits	848,019	790,319	790,448	849,951	857,428
Unsponsored Charity Care (charges)	\$286.2M	\$249.5M	\$252.3M	\$320.5M	\$404.2M
Endowment total value	\$308.8M	\$349.7M	\$322.5M	\$301.4M	\$311.7M

Institutional Specific Information

- Results of surveys of students, patients, and employees are included within "Report on Customer Service, Compact with Texans, and Customer-Related Performance Measures" (Report on Customer Serv Compact w Texans 2002.pdf)
- UTMB areas of excellence are enumerated within THECB report "Excellence Goal Institution Submissions: Areas of National Recognition & Excellence" (Updated Current & Targeted -- ALL UTMB.pdf)
- Descriptions and studies of the School of Medicine curricula are available in peer-reviewed journals, including (but not limited to):
 - Academic Medicine. 2002 Oct;77(10 Suppl):S54-7.
 - Academic Medicine. 2001 Oct;76(10 Suppl):S84-6.
 - Academic Medicine. 2000 Oct;75(10 Suppl):S84-6.
- Library peer comparisons for a variety of measures are available via <http://www.utmb.edu/ia/factbook.asp?which=lib>
- Additional institutional peer comparisons will be available in the soon-to-be-published U. T. System Accountability Report.
- Descriptions of UTMB's schools' various curricula:
 - School of Medicine: http://meded.utmb.edu/Medical_School_Curriculum_TOC.htm
 - School of Allied Health Sciences: <http://www.sahs.utmb.edu/programs.asp>
 - School of Nursing: <http://www.son.utmb.edu/academic/academic.htm>
 - Graduate School of Biomedical Sciences: <http://gsbs.utmb.edu/bbsc/>
- Information regarding the location of UTMB clinics is available in map format at:
 - http://www.utmb.edu/ia/services.asp?which=atlas&map=cmc_clinics (UTMB Correctional Managed Care Clinics)
 - <http://www.utmb.edu/ia/services.asp?which=atlas&map=clinics> (UTMB Clinics)
- Additional information pertaining to the Texas Department of Criminal Justice Hospital (UTMB-TDCJ) is available via: <http://www.utmb.edu/tdcj/>
- Correctional Managed Care particulars are available via: <http://www.utmb.edu/cmc/>
- Carson RA, Hudson Jones A. School of medicine offerings in medical humanities and ethics. Academic Medicine (Appendices). Oct. 03; 78(1): 1006-1009.

Links to Web Resources

- The UTMB Fact Book: <http://www.utmb.edu/ia/factbook.asp>
- UTMB "Facts & Figures:" <http://www.utmb.edu/ia/facts.asp>
- Descriptions of our gender and diversity initiatives are included in the U. T. System Annual Reports on Human Resources. The most recent edition of this report is available at: <http://www.utmb.edu/ia/services/HRReport.pdf>.
- UTMB Strategic Plan 2001-2005: http://www.utmb.edu/strategic/SASP_2001-2005_FINAL.pdf
- UTMB 2003 Integrated Clinical Enterprise Strategic Plan: http://www.utmb.edu/strategic/Integrated_Clinical_Enterprise_Plan.pdf