

Dean's Newsletter

April 14, 2003

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We're In a HIPAA World Now

Although you may be focused on April 15th as the deadline for filing your income tax, April 14th was the effective date for HIPAA compliance. Dr. Henry Lowe, Senior Associate Dean for Information Resources and Technology, and his staff have made numerous teaching and presentation materials available to you through a variety of media. If you have not already done so, it is imperative that you complete your training as soon as possible. Please refer to the Web Site <http://www-med.stanford.edu/HIPAA/training/> for the necessary information and guidance.

SARS (Severe Acute Respiratory Syndrome)

Because there have been so many inquiries and expressions of concern regarding SARS, David Silberman, Director of Health and Safety, has prepared the some comments noted below. Specifically, the University is carefully monitoring the situation regarding recent reports of SARS both abroad and locally. University officials have been in contact with public health agencies and have determined that there is no health emergency on campus.

Returning to the Workplace

At present, no directives have been received from the Centers for Disease Control or local Health Departments (Santa Clara, Palo Alto or the California Department of Health Services) advising us to avoid contact with people returning from China and other areas where SARS has been reported, **unless they**:

- have been treated, cared for or been in contact with an individual diagnosed for SARS;
- have stayed in a hotel (especially the Hong Kong Metropole) where the disease has been reported;
- show any signs or symptoms associated with SARS (e.g., temperature or fever), or
- experience any symptoms associated with SARS, upon returning to work.

Individuals who have been in areas where SARS has been reported and feel they are experiencing symptoms of the disease should see their personal physicians immediately. David Silberman is in contact with the Hospital's Infection Control Department who will advise him if there are any changes to the above procedure.

Traveling Related to Work

While employees may choose to proceed with work-related travel plans (i.e. conferences, symposia, etc.) to CDC-identified locations where there has been an outbreak of SARS, I would strongly suggest that they should not do so unless absolutely essential.

For more information about this topic, we refer you to the following web sites:

<http://www.stanford.edu/dept/ucomm/sars/>

<http://www.cdc.gov/ncidod/sars/>

If you have additional questions after reviewing the web site information, please contact David Silberman, Director of Health and Safety at davidhs@stanford.edu.

Ratings: Better But Still Not Right

On Monday April 7th, *US News & World Reports* came out with its annual ranking of graduate schools, including schools of medicine. In this latest report, Stanford was ranked #8 among research-intensive medical schools. While it is gratifying to be listed as a top ten school, the methodology used in this ranking is flawed in my opinion and actually adversely impacts our School.

Here's the problem. *US News & World Reports* weighs most heavily among its criteria the total amount of NIH funding. Stanford has the highest amount of peer-reviewed NIH funding in the nation per principal investigator, but because we are also among the smallest of the research-intensive schools, our total amount of NIH funding is necessarily limited compared to larger Schools of Medicine. Thus, in actuality, *US News & World Reports* values size more than quality.

Last year I wrote to the Editors of *US News & World Reports* about this problem and visited with them in Washington, DC. My message was that they should employ a methodology more akin to that used in schools of engineering whereby they weigh equally the total amount of NIH funding and the NIH funding per PI. That would be much fairer. If this is done for medical schools, it would mean that Stanford would be within the top 5 schools – more accurately reflecting our true ranking.

I intend to continue to try to “educate” the editors of *US News & World Reports* with the hopes that they might revise the criteria for future years. In the interim, it is only fair to say that our ranking this year is better, but still not right!

Making Our Whole Greater Than the Sum of Its Parts

One of the most striking comments I heard on arriving at Stanford was that our collective whole as a school was less than the sum of its parts. Among the most important achievements of the past two years has been the unification of basic and clinical science leaders within the School of Medicine around a commonly shared and valued mission. Equally important has been the increased understanding and appreciation of the significant and unique challenges faced by basic and clinical investigators and clinician scholars and educators – both separately and together. Our ability to work together in education, research and patient care – and in particular in translating discoveries from the bench to the bedside – is and will be one of our most distinguishing features. Indeed, I believe we have come to recognize that translational research and medicine will help define the future of Stanford Medicine for the 21st Century. Needless to say, our success depends on our willingness and ability to work collaboratively, share ideas and resources and most importantly, to have mutual respect for our individual and collective roles.

Unfortunately, in recent weeks, our unified resolve has been challenged and even shaken by concerns, perceptions and misimpressions regarding the consequences of changes in the School’s Operating Budget (see below for additional details). Indeed these have been characterized as indicators of whether one community (e.g., basic or clinical science) is more important or valued than the other; whether one department deserves more or less support than another on a relative or absolute scale; and whether financial support *per se* translates into evidence of greater respect or value within the School and University.

I want to underscore that our ultimate success depends on being a community that values equally the contributions made by basic and clinical scientists and physicians. Our missions in education, research and patient care are interrelated as are the funds that help to support them. Sadly, a number of our missions do not bring sufficient revenue to stand alone without additional institutional support and thus this requires our alignment, willingness to share, and most importantly, respect for and value of each other’s contributions. That recognition has resonated loudly at our Leadership Retreats in 2002 and 2003. Only if we work collaboratively and respectfully can our “whole exceed the sum or our parts”. Despite the tensions and reactions that have arisen during the

discussions regarding the changes in our School's Operating Budget, I am confident that we can all rise above the immediate concerns and put Stanford Medicine first. Our students, colleagues and patients – and the future success of our Medical School and Medical Center – make that essential.

So, What Has Been Going On Regarding the Operating Budget?

In the March 17th Dean's Newsletter (<http://deansnewsletter.stanford.edu/>), I described some of the important changes that have been made in various funds flows between the University and School of Medicine (aka "The Formula"), between the School and Stanford Hospital and Clinics (aka "Funds Flow") and between the Dean's Office and Departments (aka "Operating Budget"). Each of these has been challenging and contentious. As noted above, the changes in the Operating Budget have created some specific rifts between our basic and clinical science departments and leaders. This is not so much around the principles of the Operating Budget but rather about the financial implications and impact of its initial application.

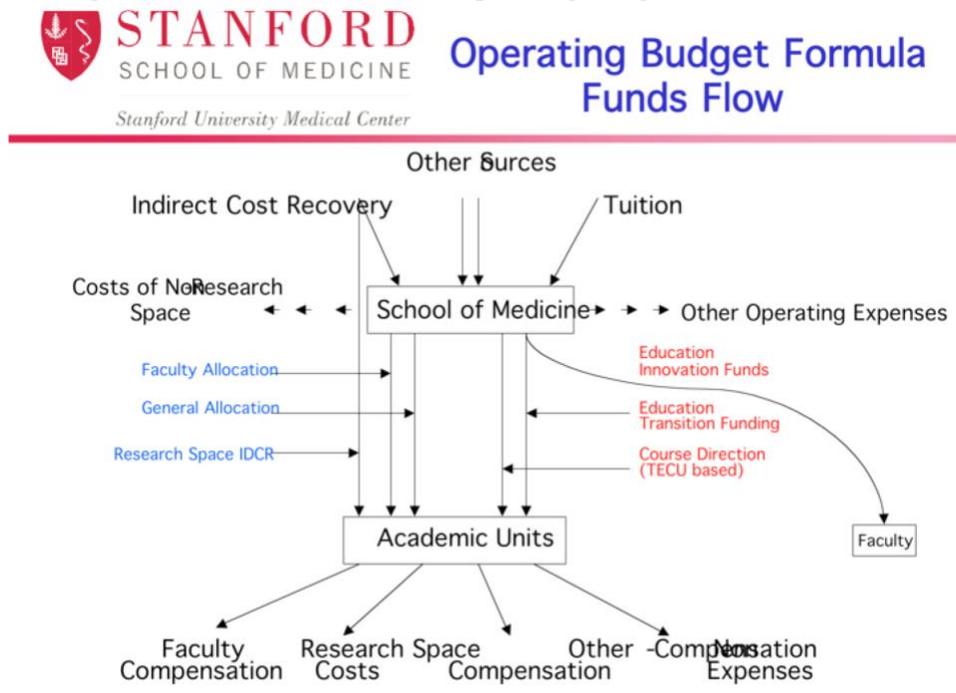
So, what is going on regarding the Operating Budget? First I want to point out that the reasons for making changes in the current Operating Budget formula are because it has no guiding principles and because the former Operating Budget formula did not help us to achieve most effectively our missions, especially in education. Accordingly, I charged a committee of basic and clinical science faculty and staff to develop principles to determine the School's allocation of funds to support education, programs and personnel. It is important to underscore that the Operating Budget is just one of the funding sources for departments, others being sponsored research grants, gift funds, patent funds, endowment support, clinical income and strategic and/or discretionary allocations from the Dean's Office. I asked Mr. Michael Hindery, Senior Associate Dean for Administration and Finance, to chair this Operating Budget Committee and to prepare a principles-guided methodology that could be implicated for the FY04 budget. The Committee completed its work in early March of this year. To give you some background, I asked Mike Hindery to describe some of the changes that have occurred in the Operating Budget Formula. His comments follow.

The School of Medicine allocates funds to academic units to support its education, research, and patient care missions and activities. This support is done through discrete programmatic investments that are generally time-limited and non-recurring and through an allocation of operating budget general funds. The dollars provided by the Dean's Office are used to pay faculty and staff compensation expenses and for expendable materials and supplies. The School has used a formula (the Operating Budget "Blocks") developed and implemented in the early 1980's to allocate the general funds. This block formula has provided the departments with unrestricted dollars that could be used at the discretion of the department chair to fund the department's activities. In order to align better the allocation of financial support with the School's activities and priorities and to provide direct funding for educational activities, the School, through a faculty and

staff committee, has developed a new formula for allocating the operating budget general funds. The new formula will be used to allocate funds for FY 2004.

The School of Medicine’s new formula for distributing operating budget funds to academic units has four components: education; faculty census; general allocation; and research space. The four components are calculated differently and have two general intents. The first intent is to provide direct funding for particular activities with the expectation that the allocated dollars are used for the specific purposes. The education and research space components are in this category. This intent and directed use is markedly different than the block formula currently used. The second intent is to provide unrestricted, unallocated dollars to the academic units to support the full array of expenses, including faculty and staff compensation and non-compensation expenses, incurred to fulfill the School’s education, research, and patient care missions and activities. The faculty census and general allocation are in this category. The use of these funds is similar to all the funds provided by the block formula.

The algorithm that defines the new operating budget is shown below.



The total amount of the education allocation is equal to 90 percent of the prior year’s MD and PhD tuition revenue. The education component is allocated through three mechanisms: course direction, which is teaching effort course units (TECU) based; education transition funding; and education innovation funds. These dollars are allocated for the express purpose of paying for costs of the educational program in academic units, including faculty, staff, and teaching assistant compensation, course materials, and other related costs. TECU

allocations are currently directed to the primary department of the course director. There will be an opportunity to distribute the course allocations for those courses taught by faculty in multiple departments. At the discretion of the Senior Associate Dean for Medical Education and the Senior Associate Dean for Graduate Education, education transition funding will be available to course directors in academic units to address specific needs and issues arising from the implementation of the new curriculum and operating budget allocation methodology. Finally, at the discretion of the Senior Associate for Medical Education and the Senior Associate Dean for Graduate Education innovation funds will be available for the development of new courses and new approaches to teaching existing courses. All three pools of funding must be used for educational purposes and will be accounted for through the curriculum and teaching evaluation process and budget process.

The faculty census allocation is based on the UTL, MCL, and NTL faculty count in an academic unit as of a specified date. January 1, 2003 will be used for the FY2004 allocation. These funds become part of the unrestricted dollars available to the academic unit to support the full variety of expenses (e.g., faculty and staff compensation, non-compensation expenses) incurred in conducting and supporting the unit's education, research, and patient care activities.

The general allocation is also intended to provide unrestricted funds to the academic unit to support the broad range of expenses associated with education, research, and patient care. The general allocation uses research volume in the academic unit to calculate the allocation. Modified total direct costs (MTDC) are used as the indicator to scale this allocation. The allocation is calculated based on the actual MTDC of the prior twelve months, ending February 28.

The final operating budget allocation is associated with the costs of research space and the facilities component of indirect cost recovery that is intended to recover the research space costs from sponsors. The costs of research space and the revenue associated with facilities through indirect cost recovery are both allocated to the academic unit. The allocation of revenue and expense will be based on the prior year's actual revenue and expense.

The Dean's Office recognizes the impact of changes in funds flow. The changes will result in the need for mitigation funding to accommodate the transition to the new operating budget. The impact of the new operating budget formula and the mitigation will be addressed through the annual budget process. Most importantly this process will recognize the need to support the essential missions of our basic and clinical departments and their importance to the future of the School of Medicine.

I hope that this helps provide some background on what has been going on with the Operating Budget.

Update on SMILE

At the Board of Trustees Committee on the Medical Center meeting on Monday, April 7th, we focused on the important changes underway in the School's education programs. Dr. Julie Parsonnet, Senior Associate Dean for Medical Education, reviewed the exciting changes now underway in renewing the medical student curriculum that will commence in the fall of 2003. In addition, Ms. Maggie Saunders, Program Planner for the Stanford Medicine Information and Learning Environment (SMILE) gave an update on the program developments underway for this exciting new facility that we hope will house the School's programs for the education and training of medical and graduate students, fellows, residents, faculty, continuing medical education and our community. We view SMILE as an environment for learning, a knowledge management center, a hub for the School of Medicine, a "place" for students, a resource for faculty and the SUMC community and a forum for the community of biomedical scholars. We are currently working on the planning for this new facility that we hope will open in 2008.

In her presentation, Ms. Saunders reviewed the exciting programs for Interdisciplinary Learning (case based), Information Intensive Ecology (basic science), Immersive Learning (skills), Library and Knowledge Management (information and technology), Student Life, Student Support Services and Conference Center. A slide show that describes these conceptual programs is available by accessing <https://www.med.stanford.edu/deansletter/smile/>. A SUNet ID is required to gain access to the slide show. I think it is worth viewing and we would certainly be interested in your comments and suggestions.

Town Hall Meeting on Cancer Research and Care at Stanford

On Wednesday, April 9th, the first Town Hall Meeting on Cancer Research and Care was held in the Fairchild Auditorium. Dr. Irv Weissman, Beekhuis Professor and Director of the Stanford Cancer/Stem Cell Biology and Medicine Institute, and Dr. Karl Blume, Professor and Associate Director of the Institute, spoke about the plans underway for the future of cancer and stem cell research and cancer treatment at Stanford.

Among the most important messages that were transmitted at the Town Hall Meeting was the goal of making the Institute and cancer research programs as inclusive as possible. Faculty who attended the meeting were encouraged to engage with Drs. Weissman and Blume if they are interested in becoming part of this exciting new initiative.

In addition, Dr. Blume discussed the plans now underway for seeking designation by the NCI as a Comprehensive Cancer Center. Both Dr. Blume and I talked about our recent discussions with the leadership at the NCI and their enthusiasm regarding our application to become a Comprehensive Cancer Center – and especially one focused on technology and innovation. Dr. Blume outlined the 13 program areas he had already identified for possible inclusion in the grant application that could be due as soon as October 2004. Again, input was solicited from the attendees and I would encourage

everyone interested in cancer research and care to feel free to contact Drs. Weissman or Blume.

Council of Clinical Chairs Update

At the Council of Clinical Chairs meeting on Friday, April 11th, updates were provided on several important issues:

- This past week the Bond Rating agencies of Standard & Poor and Moody visited Stanford Hospital & Clinics. They listened to presentations about the current and future plans for the Hospital and its important relationships to the School of Medicine. Presentations were given by Denise O’Leary, Chair of the Board of Directors of SCH (and Chair of the Committee on the Medical Center, Stanford University Board of Trustees); Philip Pizzo, Dean of the School of Medicine; Martha Marsh, President and CEO, SHC; Mike Peterson, Chief Operating Officer, SHC; and Roy Santarella, Chief Financial Officer, SHC. A major focus of these presentations was on the relationship and alliance of SHC and the School of Medicine, especially around translational medicine. This association is well characterized by the alignment of the School’s planned Institutes of Medicine and the Hospital’s planned clinical centers of excellence. The Stanford Institutes of Medicine include the Cancer/Stem Cell Institute, and, in the planning stages, the Neurosciences Institute, Cardiovascular Institute, and Immunology and Infectious Disease Institute.

The connection of the Institutes to the clinical programs at SHC was further defined by presentations by clinical leaders including Dr. Alan Yeung (who provided information about the association of the SHC Cardiovascular Center with the School’s planned Cardiovascular Institute); Dr. Richard Hoppe (who described the plans for the Clinical Cancer Center and its relationship to the Cancer/Stem Cell Institute and proposed NCI designated Comprehensive Cancer Center); Dr. Gary Steinberg (who explained the exciting progress occurring in neurosurgery and unique clinical programs at Stanford and their relationship to the planned Neurosciences Institute); and Dr. Emmet Keeffe (who reviewed the plans for the SHC Organ Transplant Center, which will be connected to the School’s planned Immunology and Infectious Disease Institute).

These strategic partnerships between the School and its major affiliated hospitals (similar alignments are present with the Lucile Packard Children’s Hospital) offer a distinguishing feature of Stanford Medicine and help define its Strategic Plan of *Translating Discoveries* (<http://medstrategicplan.stanford.edu/>).

- Additional discussion took place updating clinical volume and financial projections. The focus of this was on the need to have current and accurate data. It is recognized that the challenges faced by SHC during the last year, including audits, preparations for the bond hearings and conversion of its general ledger, have made data reporting challenging. However, it was underscored that the lack of current financial and clinical data poses major problems for all – including

clinical chairs and faculty as well as hospital leaders. The strong plea was for the data to be made available as rapidly as possible so that decisions and actions by clinical leaders would be optimally informed. Hospital leaders promised to make this happen in the next couple of months – although some aspects of data reporting still appear to be months away.

- Mike Peterson reported that progress continues to be made on the negotiations around the potential SHC ambulatory site on Mayfield Avenue. This is an exciting opportunity and the final details will emerge in the next weeks to months.

Announcements

MEDICINE and the MUSE: An ARTS, HUMANITIES and MEDICINE SYMPOSIUM, will be held on Thursday, May 8th at 5:00 p.m. in the Cantor Center for the Visual Arts Auditorium. It will feature presentations, art, literature and music by Stanford medical students. In addition, the keynote speaker: Abraham Verghese, MD, author of *My Own Country* and *The Tennis Partner* will address "The Search for Meaning in a Medical Life". The symposium is free and open to the public. In addition, a reception will follow the symposium at 7:00 p.m. For additional details, please contact Sarah Bein SMSII Aureyllia@aol.com or Audrey Shafer, MD ashafer@stanford.edu. Supported by grants from Helen and Peter Bing, The Osher Foundation and The Vera Moulton Wall Center at Stanford. Sponsored by the Arts and Humanities Medical Scholars Program.

Stanford Chemistry and Genomics Symposium, will be held on Thursday, April 17th starting at 9:30 a.m. in the Fairchild Auditorium. Speakers include Chris Walsh, Harvard Medical School; Jim Wells, Sunesis Pharmaceuticals; Michael Tyers, University of Toronto; Roger Tsien, UCSD; Tim Mitchison, Harvard Medical ICCB; Michael Snyder, Yale University; and Ruedi Aebersold, Institute for Systems Biology.

For additional information, please contact <http://molepharm.stanford.edu>.

Emergency preparedness: BAT Training - The University is strengthening its emergency preparedness program to address a number of priority issues previously identified in our annual emergency management exercises. The School of Medicine has made significant progress developing and strengthening its Satellite Operations Centers (SOC). Stanford's goal is to incorporate contingency planning with ongoing academic program planning throughout the University.

In this regard, faculty and staff are encouraged to attend the next Building Assessment Team (BAT) training, scheduled for Tuesday, April 22nd, 7:30-10:00 a.m. in Tressider Union's Oak Lounge. If you have any questions please contact David Silberman (davidhs@stanford.edu).

Awards and Honors

- **Dr. Stanley Falkow**, Robert W. and Vivian K. Cahill Professor, Department of Microbiology & Immunology, has received numerous awards for his remarkable contributions to medicine and science over the years. I wanted to let you know about two of his most recent awards: the *Abbott Lifetime Achievement Award* from the American Society of Microbiology and the *Astra Zenica/Beaumont Award* from the American Gastroenterological Association, both of which he will receive in May. Congratulations again to Dr. Falkow!
- **Dr. David Spiegel**, Jack, Samuel and Lulu Willson Professor, Department of Psychiatry, has been awarded the *Ernest R. Hilgard Award for Scientific Excellence for 2002* by the International Society of Hypnosis. Congratulations to Dr. Spiegel.
- **Dr. John Kerner**, Professor of Pediatrics, has been awarded the Joseph St. Geme Jr. Education Award from the Western Society of Pediatric Research for his innovative work on nutrition and especially the on-line teaching modules. Congratulations to Dr. Kerner.
- **Dr. Ajay Chawla**, Assistant Professor in the Department of Medicine, has been selected as a Rita Allen Foundation Scholar. This is a highly competitive award and gives evidence of Dr. Chawla's promise as an academic physician-scientist. Congratulations to Dr. Chawla.
- **Dr. David Stevens**, Professor of Medicine (Infectious Diseases and Geographic Medicine) at the Santa Clara Valley Medical Center, has been awarded the 2003 "Outstanding Achievement in Medicine Award" from the Santa Clara County Medical Association. Congratulations to Dr. Stevens.

Events

- *The Third Lawrence Crowley Distinguished Lectureship* was held on Friday, April 4th. This Lectureship honors Dr. Crowley whose guidance helped to shape Stanford Medicine through his leadership as Vice President for Medical Affairs and President of Stanford University Hospital. This year's lecturer was Dr. Lucien Leape, Adjunct Professor of Health Policy at the Harvard School of Public Health. Dr. Leape has had a distinguished career as a pediatric surgeon but achieved his greatest notoriety by his seminal studies on medical errors. His work led to the IOM reports "To Err is Human" and "Crossing the Quality Chasm". His lecture was entitled "Making Health Care Safe: Easier Said than Done". It was a most important presentation and it will be available for video viewing very soon.
- *The Down Syndrome Center* was officially launched on Tuesday, April 8th. This new interdisciplinary effort has been spearheaded by Dr. Bill Mobley, John E. Cahill Family Professor and Chair of the Department of Neurology, and is made

possible with the generous support of Jim and Patty Ann White, Roger and Dawn Kafker and the Larry L. Hillblom Foundation. More than 150 guests attended the reception to learn about the exciting work that is now going on to address the fundamental underpinnings of Down Syndrome and that will, in time, provide hope to children and adults affected by this common congenital disorder.
[\[http://dsresearch.stanford.edu/\]](http://dsresearch.stanford.edu/)

Appointments and Promotions

- **M. Kathleen Gutierrez** has been reappointed to Assistant Professor of Pediatrics at the Lucile Salter Packard Children's Hospital, 4/1/2003 to 3/31/2006.