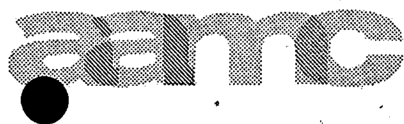


association of american medical colleges

MEETING SCHEDULE
COUNCIL OF TEACHING HOSPITALS
ADMINISTRATIVE BOARD

March 19-20, 1980
Washington Hilton Hotel
Washington, D.C.

Wednesday, March 19

6:30 p.m.	COTH Administrative Board Meeting	Dupont Room
7:30 p.m.	Cocktails	Edison Room
8:30 p.m.	Dinner	Dupont Room

Thursday, March 20

9:00 a.m.	COTH Administrative Board Business Meeting (Coffee and Danish)	Kalorama Room
12:30 p.m.	Joint COTH/COD/CAS/OSR Administrative Board Luncheon	Jefferson West Room
1:30 p.m.	Executive Council Business Meeting	Lincoln East Room

Document from the collections of the AAMC Not to be reproduced without permission

Suite 200/One Dupont Circle, N.W./Washington, D.C. 20036/(202) 828-0400

Council of Teaching Hospitals
Administrative Board

March 19-20, 1980
Washington Hilton Hotel

9:00 a.m. - 12:30 p.m.

AGENDA

I.	Call to Order	
II.	Consideration of Minutes	Page 1
III.	Membership Application Carle Foundation Hospital Urbana, Illinois	Page 12
IV.	Report on Professional and Technical Advisory Committee of the JCAH	Mr. Everhart
V.	Report of the Ad Hoc Committee On the Distinctive Characteristics and Related Costs of Teaching Hospitals	Mr. Levitan
VI.	Hospital Costs: Increased Competition Versus Mandatory Controls	Page 75
VII.	The LCGME: Its Development and Current Status	Page 39
VIII.	Housestaff Meeting	Page 108
IX.	Proposed Plan for the Implementation of the Goals and Recommendations of the Report of the AAMC Task Force on Minority Student Opportunities in Medicine	Page 22
X.	Responding to State Legislative Initiatives Affecting Important AAMC Interests	Page 70
XI.	Kennedy Health Manpower Bill	Page 109
XII.	The Stabilization of Research Grant Support	Page 118
XIII.	The Health Research Act of 1980 (H.R. 6522)	Page 121
XIV.	A Strategy for a Study of the General Education of the Physician	Page 124
XV.	New Business	
XVI.	Adjournment	

Document from the collections of the AAMC Not to be reproduced without permission

Document from the collections of the AAMC Not to be reproduced without permission

Association of American Medical Colleges
COTH Administrative Board Meeting

Washington Hilton Hotel
Washington, D.C.
January 24, 1980

MINUTES

PRESENT:

John W. Colloton, Chairman
Stuart J. Marylander, Chairman-Elect
Robert M. Heyssel, M.D., Immediate Past Chairman
Mitchell T. Rabkin, M.D., Secretary
Dennis R. Barry
Fred J. Cowell
Robert E. Frank
Earl J. Frederick
Mark S. Levitan
Robert K. Match, M.D.
Malcom Randall
John A. Reinertsen
William T. Robinson, AHA Representative

ABSENT:

James W. Bartlett, M.D.
Elliott C. Roberts

GUESTS:

Jeptha W. Dalston, Ph.D.
Julius R. Krevans, M.D.
John H. Westerman
Charles B. Womer

STAFF:

James D. Bentley, Ph.D.
Peter W. Butler
John A. D. Cooper, M.D.
James I. Hudson, M.D.
Joseph C. Isaacs
H. Paul Jolly, Ph.D.
Charles N. Kahn
Richard M. Knapp, Ph.D.
Mary H. Littlemeyer
John F. Sherman, Ph.D.
August G. Swanson, M.D.

Document from the collections of the AAMC Not to be reproduced without permission

Call to Order

Mr. Colloton called the meeting to order at 9:00 a.m. in the Jackson Room of the Washington Hilton Hotel. He introduced three new Board members -- Fred J. Cowell of Jackson Memorial Hospital in Miami, Robert E. Frank of Barnes Hospital in St. Louis, and Earl J. Frederick of Children's Memorial Hospital in Chicago. He also introduced guests -- Jep Dalston of the University of Michigan Hospital and John Westerman of the University of Minnesota Hospital -- who would be making a presentation ot the Board later in the agenda. AAMC Chairman Charles Womer was also welcomed by Mr. Colloton.

Mr. Colloton then announced some new and continued COTH appointments to various committees and boards: David Thompson, M.D., of New York Hospital to the Flexner Award Committee; David Weiner,of Children's Hospital Medical Center in Boston to the Editorial Board of the Journal of Medical Education (he replaced Merlin Olson, formerly of Colorado General Hospital); Ed Andrews, M.D., of Maine Medical Center to the LCME; and David Gee of the Jewish Hospital of St. Louis will join Dr. Heyssel and Mr. Colloton on the COTH Nominating Committee.

Mr. Colloton also noted that the AAMC will sponsor the MAP Program for COTH chief executives for the fifth consecutive year. Since 1976, 94 COTH hospital executives have attended the program. This year, 70 invitations have been mailed to COTH members for the program to be held June 20-25 in Sarasota, Florida. He then reminded Board members that the COTH Spring Meeti[ng] will be held May 14-16 at the Brown Palace Hotel in Denver, Colorado. Mr. Colloton closed his introductory remarks by reporting that Gail Gross, Administrative Secretary in the Department of Teaching Hospitals, has given birth to a baby boy, and that both mother and son are doing well.

Consideration of Minutes

ACTION: It was moved, seconded and carried to approve the minutes of the November 5, 1979 COTH Administrative Board Meeting.

Membership Applications

Dr. Bentley reviewed two applications for COTH membership and upon staff recommendation the following actions resulted:

ACTION: It was moved, seconded and carried to approve Mount Carmel Mercy Hospital, Detroit, Michigan for full COTH membership.

ACTION: It was moved, seconded and carried to approve Northridge Hospital Foundation, Northridge, California for corresponding membership.

IV. University-Owned Hospitals Cooperative Study Project

Mr. Colloton provided some brief background on the activity of Messrs. Westerman and Dalston and some of their university hospital colleagues with regard to a major study of such institutions. Board members were then given a hand-out paper (available upon request), "The Ad Hoc University Hospital Study Project", presenting the proposal of the Consortium for the Study of University Hospitals. Mr. Westerman reviewed the contents of the paper, which included: (1) background and historical evolution of university hospital cooperative efforts; (2) objectives of the study and areas of consideration for study; (3) description of the Consortium meeting in Phoenix, January 20-22, 1980; and (4) considerations for COTH participation in some form (the flexibility of the COTH Board to recognize within-group problems was discussed). Dr. Dalston then described an outline he had brought, which summarized the objectives of the study, its researchability, and the justification for a consortium of university hospitals to study their unique problems. He also reviewed Appendix C of the hand-out paper which was Merlin Olson's summary of the Phoenix conference from the view of research issues, the vehicles and means for study, and potential research topics. The group, he stated, wants "to move from a reactive mode to a proactive one". It realizes that their hospitals must be competitive to survive, but the barriers of bureaucracy (for state-owned hospitals particularly) inhibit this and must be examined and addressed.

Mr. Colloton, expressing an appreciation for the concerns conveyed by Messrs. Westerman and Dalston, asked how many of the 64 university-owned hospitals in the country have expressed interest in participating in the Consortium. Mr Westerman reported that much interest had been generated and that he was hoping for the involvement of at least 30 university hospitals. Mr. Colloton wondered whether Mr. Westerman and the Consortium members felt that others were not interested in addressing the problems of the university hospital. He then assured Mr. Westerman that this was not the case and that the AAMC/COTH has a very real interest and would probably be a more influential sponsor of a study in this area because it would be able to draw all components of the academic medical center into the research.

Mr. Westerman responded that the organization issue was less important then addressing the problems themselves and seeing that the study is undertaken. Mr. Levitan asked him what the specific issues were that the Consortium hoped to address. Mr. Westerman provided the issue of "governance" as an example, pointing out that university hospitals often have many incompatible missions which make management little more than organized chaos which cannot be properly organized using classic management principles. Dr.Dalston further noted that university hospitals function within a system of higher education which places certain expectations on them which are not faced by other members of the hospital industry, with whom they also share many characteristics. He suggested that a study was needed to find alternative managment models which would be more appropriate for the multi-missioned university hospital.

Dr. Rabkin emphasized that "you don't need to be owned by a

Document from the collections of the AAMC Not to be reproduced without permission

university to be shafted by one", and noted that many hospitals that are not university-owned share similar problems in relating to the university. He believed that study of the issue should be action-oriented as opposed to research-oriented. Dr. Krevans then stated that he found it difficult to believe that university hospitals' problems were as bad as had been implied. He cited the findings of a study of public hospitals (with greatly varied governance structures) which demonstrated that ownership was not a key variable in determining the problems of the institutions. What should be examined, according to Dr. Krevans, is how hospitals with education and research missions are affected by self-imposed missions.

Mr. Barry felt the issue was not ownership, but control and recommended that the study base be broadened to examine control in relation to a number of key managerial issues (productivity, effectiveness, competition, etc.) and to include hospitals with major relationships to universities. In addition, he expressed the belief that it might be more productive to explore practical alternatives rather than merely research aspects, and might more appropriately call for a consulting project rather than a research effort. He concluded by saying he thought COTH would be the natural sponsor of such a study. Mr. Reinertsen agreed with this last statement, noting that COTH had a constant, though busy, standing staff, without which such a study would probably flounder. Mr. Randall agreed that ownership was not the key factor because he felt that there was much more commonality than realized between university and VA hospitals (despite ownership differences) with regard to mission problems, demands and constraints. Dr. Heyssel pointed out that at the Rush-Presbyterian Conference in Chicago two years ago, the teaching relationship and not ownership was the key issue.

Mr. Robinson was concerned that the Consortium was an expression of the feeling that there was a lack of advocacy for university-owned hospitals and that some new group was needed. He hoped this was not the case. Mr. Westerman stated that the Consortium was simply seeking a mechanism by which they could give their I.O.U.s to their University Presidents for the 1980's and he tended to agree that the study should be expanded beyond university hospitals. Mr. Colloton asked how many members the Consortium currently had and whether the group would be necessary at all if AAMC/COTH agreed to sponsor the proposed study. Mr. Westerman reported that the Consortium consisted of eight university hospital members -- Minnesota, Michigan, Nebraska, Florida, Kentucky, Colorado, Washington, and M.C.V. State -- and that he and Dr. Dalston were at the Board meeting to obtain the interest and assistance of the AAMC/COTH in undertaking the study.

The Board generally agreed that a linkage was needed between the AAMC and the Consortium. Mr. Colloton suggested a motion that would recognize the problems of university hospitals and recommend to the Executive Committee that the AAMC sponsor an investigation of them. Then the next step, as Mr. Colloton saw it, would be to have the COTH Board and the eight Consortium members meet to discuss the study after Executive

Document from the collections of the AAMC Not to be reproduced without permission

Committee review and/or approval. Dr. Krevans felt that the AAMC sponsorship would be more effective if the entire membership were to become involved, not just COTH. Dr. Heyssel suggested that, in addition to the AAMC membership, involvement should be sought from public members, such as legislators, who could lend influence and credence to the study's eventual findings.

After further discussion regarding the kind of cooperative effort desired by the Consortium, the critical variables that should be studied, and which hospitals should be included in the study sample, the following Board action resulted:

ACTION: It was moved, seconded and carried to take the proposal for a study project on the problems of university-owned and similar hospitals to the AAMC Executive Committee, with a strong statement by the COTH Administrative Board recognizing its need and recommending AAMC endorsement of it. (See Attachment A for Executive Committee action.)

V. Report of the Task Force on Graduate Medical Education

Mr. Colloton asked members of the Administrative Board to review portions of the Task Force Report. Dr. Rabkin summarized the first two chapters, suggesting only that the critical review of the performance of residents be emphasized in Chapter 1. Dr. Swanson stated that the Task Force would be agreeable to such a revision, which could be made by enlarging the "evaluation and feedback" paragraph. While not recommended for specific change, Dr. Rabkin felt that in Chapter 2 (page 45) orientation programs for new residents should not only provide a review of the goals and objectives of the first-year programs, but for all programs.

Mr. Marylander then reviewed Chapters 3 and 4 of the Task Force Report. He was concerned that the term "academic medical center" was defined inconsistently in the document. Dr. Swanson agreed to change the wording on page 3 of the report to read "medical schools and associated hospitals" rather than "academic medical centers and associated hospitals". Mr. Marylander felt the entire report should be preceded by a disclaimer stating that its contents "are not cast in concrete". Dr. Swanson explained that the report was being maintained as a "talking document" and that is why its title includes the term "proposals". Lastly, Mr. Marylander stated that it was naive to assume that physician distribution by specialty could be achieved at the local level (by the individual academic medical center). He felt that a national perspective was necessary to ensure that overall goals were being met and that qualified programs survived. Dr. Swanson noted that the Task Force thought it would be better to stay with a State's rights perspective to avoid hard regulatory systems and take a more rational approach. Mr. Marylander pointed out that without some blend of overall guidelines, there would be danger that no attention would be paid to national goals, but only to the faculty and service needs of the particular institutions. Dr. Rabkin suggested two issues were involved here -- training and patient care -- which have different needs in terms of residents. He believed the Task Force Report should approach the issue from the perspective of the educational needs.

Document from the collections of the AAMC Not to be reproduced without permission

Dr. Heyssel then reviewed the final chapter (5) of the Report. He expressed difficulty in understanding why the Report continues to fail to recognize or admit that the motivation for resident stipends is their patient care service. He thought that the Report should address the service requirement to lend needed balance. Dr. Swanson expressed that he thought the Task Force had taken the middle ground. Dr. Heyssel did not see it this way and reminded the Board that their institutions are selling service, not simply quality or education, and must defend themselves as primarily service facilities with educational missions. A discussion of this issue ensued among Board members and Association staff and was brought to a close by Board Chairman Colloton who suggested that the Report be approved by the Board as a working paper for dissemination and that COTH develop detailed comments of its views to be submitted later, along with the responses of other individuals and organizations. The Board generally agreed with this approach, recognizing the amount of time that has already been invested in the development of the Report.

Dr. Heyssel also was troubled by the section on "Financing Ambulatory Care Educational Settings" on pages 148-156 of the Report because it recommended extra-institutional means of obtaining increased financing rather than calling for the institutions to "get their own houses in order" by getting optimum productivity out of their clinics. Mr. Cowell raised the issue of partial medical school funding for residents in teaching roles and noted he found no discussion in the Report concerning resident involvement in undergraduate medical education. Dr. Swanson stated the issue was alluded to in the "quality" section of the Report, but it was felt that the topic was beyond the intended scope of the document. Mr. Cowell repeated his view that the faculty function of house staff should be addressed in the "financing" section of the Report. Mr. Colloton stated that Mr. Cowell's recommendation would be included in the amendments that the COTH Board would later submit. He also suggested that the Health Insurance Assocation of America (HIAA), HEW's Office on HMO's (Howard Veit) and other government representatives be added to the list of invitees to the Invitational Conference on the Task Force Report to be held in late September in Washington, D.C. (as described on page 72 of the Executive Council Agenda). Dr. Heyssel closed the discussion on this agenda item by asking the minutes to note formal recognition of Dr. Swanson's considerable efforts with a very difficult task.

ACTION: It was moved, seconded and carried that the Executive Council be recommended to approve the report for wide dissemination and request responses to it from individuals and organizations, at which time the COTH Administrative Board will also submit a detailed statement of its recommended amendments to the Report. In addition, it is recommended that the Executive Council expand the list of invitees to the Invitational Conference on the Task Force Report (as described on page 72 of the Executive Council Agenda) to include the Health Insurance Association of America (HIAA), HEW's Office on HMO's, and other government representatives.

Document from the collections of the AAMC Not to be reproduced without permission

VI. Proposed Modifications of the Immigration and Nationality Act

Dr. Cooper reviewed the background of this agenda item for the Board (as discussed on pages 45-49 of the Executive Council Agenda) and explained the rationale behind the staff's recommendation (as set forth on page 49 of the Executive Council Agenda) on this issue. The Board generally concurred with this rationale and acted as follows:

ACTION: It was moved, seconded and carried that the Executive Council be recommended to support the proposed extension of duration of stay under the J-Visa program (as set forth on pages 46 and 47 of the Executive Council Agenda). Furthermore, it is recommended that the Executive Council discuss fully the ramifications of the other two proposals: extension of the VQE waiver period (as described on pages forty seven and 48 of the Executive Council Agenda) and fulfillment of NHSC service obligation through participation in selected residency training programs (as presented on page 48 of the Executive Council Agenda).

VII. Report and Recommendations of the Ad Hoc Committee on the Distinctive Characteristics and Related Costs of Teaching Hospitals

Mr. Levitan, Chairman of the Ad Hoc Committee, reported on the Committee's initial meeting on January 3 and the four projects it recommended for continued COTH staff activity (a handout on the "Report and Recommendations" of the Ad Hoc Committee was distributed to the Board members). He reviewed the background which led to the creation of the Committee and cited the four recommended projects for staff: (1) maintaining liaison with case mix activities; (2) developing member workshops on case mix; (3) examining HCFA's reimbursement assumptions; and (4) studying the characteristics and costs of teaching hospitals. Mr. Levitan pointed out that with regard to the third project, HCFA's data does not distinguish teaching hospitals on the basis of their unique educational commitment, costs, etc. Dr. Heyssel felt the fourth project would have been impossible eight years ago, but is now feasible due to the availability of improved management information data systems.

Mr. Levitan emphasized that the key issue was matching costs to outputs. Dr. Heyssel asked how outputs would be defined. Mr. Levitan noted that the projects are just getting to the beginning phases of addressing that question. Mr. Colloton asked about the timetable for member workshops. Dr. Bentley reported that a half-day session on case mix would be held at the COTH Spring Meeting with presentations by Judy Lave, Ph.D. of HCFA, J. Joel May, Ph.D. of HRET of New Jersey, and by Richard Fetter, Ph.D. of Yale University, who was one of the original DRG developers. He also noted that the Yale-Puter group has planned three regional workshops of their own on DRG's and their potential uses, and that Johns Hopkins' new Center for Health Care Financing will sponsor a set of seminars, with the third one scheduled to address case mix measures and their uses. Since COTH is interested in some of these people for our own workshops, Dr. Bentley did not foresee COTH holding its own case mix workshops until late May or

Document from the collections of the AAMC Not to be reproduced without permission

June,and ending before late July or August for attendance purposes. He raised two questions for the Board to provide guidance to staff on the workshops: (1) should the sessions be oriented toward the Chief Operating and Chief Financial Officers who are at the management level where the information will be directly used? and (2) what should be done for the VA constituency?

The Board agreed that the direction taken by staff in the first question was the appropriate one. With regard to the second concern, Mr. Randall asked for an opportunity to discuss the issue with peers in the the VA system before responding to the question. He did note, however, that that the VA is very interested in case mix and is currently conducting its own study.

Mr. Robinson conveyed the fears of many non-teaching hospitals, that the COTH emphasis in this area would lead reimbursement dollars to teaching hospitals and away from other segments of the hospital industry. He stated that he had used the "green" book prepared by COTH staff in discussions with the Federation of American Hospitals (FAH), whose members unanimously felt that case mix reimbursement would hurt them. Dr. Bentley thought it was interesting how over time many of those who felt they would be "winners" under such a system, now think they would be "losers".

Dr. Heyssel suggested that the CEO's and financial staff at COTH-member hospitals currently working with case mix measures could be brought together before the COTH workshops to meet and discuss their activities. The Board agreed that this would be a worthwhile endeavor and staff agreed to organize such a meeting.

ACTION: It was moved, seconded and carried that the Executive Council approve the following four Ad Hoc Committee recommendations:

- that the AAMC staff continue to monitor and, where appropriate, visit case mix researchers, state and federal reimbursement experiments, and developers of management information systems focusing on patient diagnosis;
- that the AAMC sponsor a series of regional workshops designed to acquaint the constituents with present developments and issues in case mix measurement, reimbursement, and management information systems;
- that the Association obtain appropriate data to evaluate the HCFA assumptions that a 20% sample of Medicare discharges is adequate to describe a hospital's case mix, that hospitals produce cases at similar relative prices, and that year-to-year changes in case mix are insignificant; and
- that the Association's staff develop a comprehensive work plan to include project feasibility project

Document from the collections of the AAMC Not to be reproduced without permission

deadline, and an estimated project budget for a study of the characteristics and costs of teaching hospitals.

VIII. Medicare Reimbursement for Pathology Services

Dr. Knapp provided the background on this agenda item, reviewing the history of the issue, the Association's present position on the subject, and the Association's potential position which "would permit physicians to be compensated on a percentage arrangement if the amount of reimbursement is based on an approved relative value scale" which considers time and effort consistent with the inherent complexity of procedures and services. Mr. Colloton asked about who would develop these "approved" relative value schedules. HCFA believes it can develop them satisfactorily, Dr. Knapp replied. Dr. Knapp also noted that two pathologists had been added to the Ad Hoc Committee on Section 227 to more adequately address the issue within the AAMC.

Mr. Levitan felt the COTH position should be stated even more strongly in favor of the proposed approach. Dr. Match was concerned that endorsing private practice arrangements for essentially hospital-based services will help hospital operating budgets but cost society dearly. Dr. Heyssel thought it would be difficult to obtain consensus at the AAMC on this issue, and therefore felt the recommendation as stated on page 27 of the Executive Council Agenda was broad enough to be approved. Dr. Knapp noted that pathologists feel they can do as well with relative scales as they have on a fee-for-service basis. Mr. Colloton felt that pathologists wanted to know specifically whether the AAMC was for or against them on the percentage arrangement issue and suggested that the proposed recommendation be amended by adding to the last sentence the phrase, "...as one option for compensation of pathologists". This was agreeable to most of the other Board members. By a vote of 11 yeas to one nay (Dr. Match), the following action was taken:

ACTION: It was moved, seconded and carried that the Executive Council be recommended to adopt the following statement on payments for pathologists' services (as amended from page 27 of the Executive Council Agenda):

while the AAMC does not have a compensation alternative which would recognize the concerns of pathologists and of the government, it is concerned about payment mechanisms which could possibly discourage the contributions pathologists make to patient diagnosis and treatment and inhibit the development of the discipline. The Association notes, however, that Senate Report 96-471 would permit physicians to be compensated on a percentage arrangement if the amount of reimbursement is based on an approved relative value scale"... which takes into consideration such physician's time and effort consistent

Document from the collections of the AAMC Not to be reproduced without permission

with the inherent complexity of procedures and services". (p. 100). The Association supports such a proposal as one option for compensation of pathologists.

IX. Financing the Accreditation of Graduate Medical Education

Dr. Knapp presented the background on this issue, noting that the AHA supports the new policy statement recommended by the LCGME.

ACTION: It was moved, seconded and carried that the Executive Council be recommended to endorse the new policy statement on financing accreditation of graduate medical education (as developed by the LCGME and presented on page 28 of the Executive Council Agenda).

X. Recommendations of the AAMC Concerning Medical School Acceptance Procedures

ACTION: It was moved, seconded and carried that the changes cited (on page 29 of the Executive Council Agenda) in item 3 of the Recommendations of the AAMC Concerning Medical School Acceptance Procedures be approved by the Executive Council.

XI. Report of the Ad Hoc Committee on Clinical Research Training

Dr. Heyssel expressed concern that the report leaves open the question of where funding will come from for clinical research training activities as federal funding diminishes. He felt strongly that such support should not have to come from the hospitals' patient care revenues. Mr. Colloton agreed and put forth the following motion which was adopted.

ACTION: It was moved, seconded and carried that the Executive Council approve the recommendations on pages 40-43 of the Executive Council Agenda, adding as number (1) under "Residents, Fellows and Advanced Trainees" on page 42 the following: Resident positions, fellowships, and advanced traineeships in clinical research areas should be determined on an institutional basis and on the basis of the availability of appropriate funding sources other than patient care revenue.

XII. National Health Insurance

Mr. Colloton reviewed the AAMC's proposed position paper on "The Expansion and Improvement of Health Insurance in the United States," noting revisions that had been made by staff. Mr. Marylander felt it was naive to recommend an expansion of health insurance without addressing the implications on financing and the need for adequate funding. Dr. Heyssel noted some inconsistency in the descriptions provided in the paper on the extent of catastrophic coverage in the country at present. Although no formal action was taken by the Board on this agenda item, staff was directed to make appropriate revisions to the position paper in order to address the two concerns expressed by Board members.

The meeting was adjourned at 12:30 p.m.

Document from the collections of the AAMC Not to be reproduced without permission

Document from the collections of the AAMC Not to be reproduced without permission

Attachment A

February 4, 1980

John H. Westerman
General Director and
Associate Professor
University of Minnesota Hospitals
and Clinics
420 Delaware Street, S.E.
Minneapolis, Minnesota 55455

Jeptha W. Dalston, Ph.D.
Director
University Hospital
1405 East Ann Street
Ann Arbor, Michigan 48104

Dear John and Jep:

Thank you very much for joining the COTH Administrative Board last Thursday morning to discuss the unique problems faced by the chief executives of state university-owned hospitals. I believe we are all better informed as a result of your presentations, and we look forward to working with you and your colleagues to resolve these problems. To this end, the AAMC Executive Committee discussed this entire matter thoroughly on the evening of January 24th. Following discussion, it was unanimously concluded that the AAMC should become firmly committed to sponsoring a study of these problems and their optimal resolution.

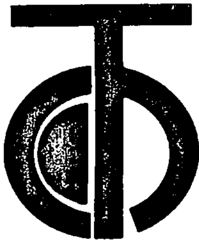
We could envision several options for structuring the study framework with appropriate review and guidance from a steering committee composed of hospital directors, a clinical department chairman, a medical school dean, a university vice president, a university president, and possibly others. We believe the involvement of such individuals would give considerable strength to the study's credibility and funding, and be more likely to lead to actual resolution of these problems.

The purpose of this letter is to invite you and the other six hospital chief executives who have "signed on" to participate in the study to a meeting with the AAMC Executive Committee representatives. I believe such a meeting would be useful, and an excellent first step. Dick Knapp will be calling you in the next few days to discuss an appropriate date and time. This is an important subject and I would like to see the activity move forward as quickly as possible.

Sincerely,

John A. D. Cooper, M.D.

cc: AAMC Executive Committee
COTH Administrative Board



COUNCIL OF TEACHING HOSPITALS • ASSOCIATION OF AMERICAN MEDICAL COLLEGES

APPLICATION FOR MEMBERSHIP

Membership in the Council of Teaching Hospitals is limited to not-for-profit -- IRS 501(C)(3) -- and publicly owned hospitals having a documented affiliation agreement with a medical school accredited by the Liaison Committee on Medical Education.

INSTRUCTIONS: Complete all Sections (I-V) of this application.

Return the completed application, supplementary information (Section IV), and the supporting documents (Section V) to the:

Association of American Medical Colleges
Council of Teaching Hospitals
Suite 200
One Dupont Circle, N.W.
Washington, D.C. 20036

I. HOSPITAL IDENTIFICATION

Hospital Name: Carle Foundation Hospital

Hospital Address: (Street) 611 West Park Street

(City) Urbana (State) Illinois (Zip) 61801

(Area Code)/Telephone Number: (217) 337-3311

Name of Hospital's Chief Executive Officer: Charles B. VanVorst

Title of Hospital's Chief Executive Officer: President

II. HOSPITAL OPERATING DATA (for the most recently completed fiscal year)

A. Patient Service Data

Current ~~Licensed~~ Bed Capacity (Adult & Pediatric excluding newborn): 283

Average Daily Census: 225.4

*Total Live Births: 816

*Excluding newborns

*Admissions: 11,396

Visits: Emergency Room: 33,881

Visits: Outpatient or Clinic: 244,258

(Carle Clinic Association physician visits)

Document from the collections of the AAMC Not to be reproduced without permission

Document from the collections of the AAMC Not to be reproduced without permission

B. Financial Data

Total Operating Expenses: $9,929,532

Total Payroll Expenses: $7,434,332

Hospital Expenses for:

House Staff Stipends & Fringe Benefits: $ 0
Supervising Faculty: $ 0

C. Staffing Data

Number of Personnel: Full-Time: 688
Part-Time: 206

Number of Physicians:

Appointed to the Hospital's Active Medical Staff: 109
With Medical School Faculty Appointments: 100

Clinical Services with Full-Time Salaried Chiefs of Service (list services):

Does the hospital have a full-time salaried Director of Medical Education?: Our Director of Medical Education is part time; he is also employed by the University of Illinois College of Medicine School of Clinical Medicine as Director of the Carle Clinical Education Center. Additionally, he is a practicing pediatrician specializing in gastroenterology.

III. MEDICAL EDUCATION DATA

A. Undergraduate Medical Education

Please complete the following information on your hospital's participation in undergraduate medical education during the most recently completed academic year:

Clinical Services Providing Clerkships	Number of Clerkships Offered	Number of Students Taking Clerkships	Are Clerkships Elective [2] or Required
Medicine	8	7	Required
Surgery	3	6	Required
Ob-Gyn	8	4	Required
Pediatrics	8	8	Required
Family Practice			
Psychiatry [1]	8	11	Required

Other: Summer externship program has been in existence since 1968. This eight week program offers an opportunity for three students between freshman and sophomore years to gain medical experience in a group practice setting under the preceptorship of practicing physicians in 4 to 8 clinical services.

B. Graduate Medical Education

Please complete the following information on your hospital's participation in graduate medical education reporting only full-time equivalent positions offered and filled. If the hospital participates in combined programs, indicate only FTE positions and individuals assigned to applicant hospital.

Type of Residency[1]	Positions Offered	Positions Filled by U.S. & Canadian Grads	Positions Filled by Foreign Medical Graduates	Date of Initial Accreditation of the Program[2]
First Year Flexible				
Medicine	1 to 2 in July 1980			7/1979
Surgery				
Ob-Gyn				
Pediatrics				
Family Practice	2	2		10/75
Psychiatry				
Other: Colon Rectal Surgery	2	2		4/1974
Oral Maxillo Facial Surgery	3	3		1942
	(An ADA accredited program for DDS post graduates)			

[1]As defined by the LCGME Directory of Approved Residencies. First Year Flexible = graduate program acceptable to two or more hospital program directors. First year residents in Categorical* and Categorical programs should be reported under the clinical service of the supervising program director.

[2]As accredited by the Council on Medical Education of the American Medical Association and/or the Liaison Committee on Graduate Medical Education.

Document from the collections of the AAMC Not to be reproduced without permission

IV. SUPPLEMENTARY INFORMATION

To assist the COTH Administrative Board in its evaluation of whether the hospital fulfills present membership criteria, you are invited to submit a brief statement which supplements the data provided in Section I-III of this application. When combined, the supplementary statement and required data should provide a comprehensive summary of the hospital's organized medical education and research programs. Specific reference should be given to unique hospital characteristics and educational program features.

V. SUPPORTING DOCUMENTS

A. When returning the completed application, please enclose a copy of the hospital's current medical school affiliation agreement.

B. A letter of recommendation from the dean of the affiliated medical school must accompany the completed membership application. The letter should clearly outline the role and importance of the applicant hospital in the school's educational programs.

Name of Affiliated Medical School: University of Illinois College of Medicine Schools of Basic Medical Sciences & Clinical Medicine, 3B

Dean of Affiliated Medical School: Daniel K. Bloomfield, M.D.

Information Submitted by: (Name) Terry F. Hatch, M.D.

(Title) Director of Medical Education

Signature of Hospital's Chief Executive Officer: [signature] (Date) Feb 6, 1980

Document from the collections of the AAMC Not to be reproduced without permission

Document from the collections of the AAMC Not to be reproduced without permission

[1]Psychiatry clerkship is not accomplished at our hospital; however our hospital staff psychiatrists and their patients participate at the other two affiliated hospitals' psychiatry clerkships.

[2]As the first senior (M4) class begins next fall (1980) Carle will offer electives in cancer management, general surgery, diabetes-endocrinology, metabolism, diagnostic radiology/medical imaging, cardio vascular/thoracic surgery, anesthesiology, opthalmology/retino-vitreous diseases, allergy, family medicine, pulmonary disease, and pediatric gastroenterology. Others are also being developed.

IV. SUPPLEMENTAL INFORMATION

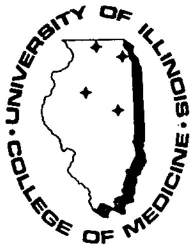
In order to outline fully Carle Foundation Hospital involvement in medical education there are three more points to briefly describe. One, since the University of Illinois School of Clinical Medicine at Urbana Champaign is growing rapidly, the hospital's educational commitments and interests are growing rapidly. Currently the SCM-UC has 37 students in the second and third years of clinical school. It is projected that next year there will be an additional 25-30, and, eventually each of the classes will have 36 students, a total of 108 students. As a major teaching affiliate we will become proportionately more involved.

Second, a majority of the Carle Foundation Hospital staff are private physicians practicing at Carle Clinic Association, which is attached by a connecting building to the hospital. This enables the medical staff a large degree of involvement in the hospital and also provides an excellent accessibility of the medical staff.

Third, although applied clinical research has been ongoing in the past, new efforts and interests have increased the hospital's commitment in research. Soon there will be a director and an office of applied medical research.

FEBRUARY 1980

Document from the collections of the AAMC Not to be reproduced without permission



UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE
SCHOOLS OF BASIC MEDICAL SCIENCES AND CLINICAL MEDICINE
MEDICAL SCIENCES BUILDING
URBANA, ILLINOIS 61801

(217) 333-9284

October 26, 1979

Richard M. Knapp, Ph.D.
Director, Department of Teaching Hospitals
Association of American Medical Colleges
Council of Teaching Hospitals
Suite 200
One Dupont Circle, NW
Washington, DC 20036

Dear Dr. Knapp:

This letter is in support of the application of Carle Foundation Hospital to become a corresponding member of the Council of Teaching Hospitals. Carle's involvement has been essential to our teaching program since the founding of the School of Basic Medical Sciences in 1971. When the School of Clinical Medicine at Urbana-Champaign was inaugurated in July, 1978, Carle became one of the three teaching hospitals with a major affiliation. Each of these hospitals maintains a clinical education center in which full-time faculty members of the College of Medicine work jointly with voluntary faculty from the community. A majority of Carle physicians have joint appointments with the College of Medicine. Carle physicians have teaching responsibilities throughout the four years of undergraduate medical education and are involved in two accredited residency programs, as well as in the curriculum planning process for new residencies. They are also actively involved in the governance of both Schools. I am pleased to recommend Carle Foundation Hospital for membership in the Council of Teaching Hospitals.

Yours truly,

Daniel K. Bloomfield, M.D.
Dean

kb4/g

Document from the collections of the AAMC Not to be reproduced without permission

Document from the collections of the AAMC Not to be reproduced without permission

AFFILIATION AGREEMENT BETWEEN CARLE FOUNDATION HOSPITAL, CARLE CLINIC ASSOCIATION, AND THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

PROLOGUE

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS (hereinafter referred to as University), through its College of Medicine, intends to develop selected existing clinical facilities in a supportive role for any or all components of the College of Medicine.

This Affiliation Agreement, while complete in itself, is designed to provide the basis for cooperative educational programs between an Affiliated Hospital, an Affiliated Medical Group, and the University's Schools of Basic Medical Sciences and Clinical Medicine at the Urbana-Champaign Campus of the University of Illinois. A hospital which will accept responsibility for the delivery of clinical curriculum in a relationship to the University to be described below will be designated as a "Clinical Education Center."

THIS AGREEMENT made this day of June 30 1978, between CARLE FOUNDATION HOSPITAL, a corporation duly organized under the laws of the State of Illinois, hereinafter called the "Hospital," CARLE CLINIC ASSOCIATION, an association duly organized under the laws of the State of Illinois, hereinafter called the "Association," THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS, a corporation duly organized under the laws of the State of Illinois, hereinafter called the "University," and within the University, the Schools of Basic Medical Sciences and Clinical Medicine, hereinafter called the "Schools," WITNESSETH:

WHEREAS, the Hospital is a general Hospital for the care and treatment of the sick;

WHEREAS, the Association is a medical group organized for the private practice of medicine;

WHEREAS, the University operates a School of Medicine for instruction in the care and treatment of the sick;

WHEREAS, the Hospital, the Association and the University have, over a period of years, had a long tradition of medical achievement and the common goal of improving the health of the citizens in their community and adding to the body of medical knowledge; and

WHEREAS, the Parties desire to extend further the scope of their cooperation.

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed between the Hospital, the Association, and the University, hereinafter sometimes called the "Parties," as follows:

OBJECTIVES

The University, the Hospital, and the Association acknowledge the following common objectives: to develop new health professional education programs; to pursue improvement in the quality and delivery of health care; to conduct research in the health and health-related fields, and to develop an effective response to the health care needs of the community. The Parties of this Agreement believe these goals may be achieved more effectively and efficiently through the combination of the resources of the Parties.

This Agreement is designed to provide the basis for fulfillment of the objectives of the Schools and their affiliated Clinical Education Centers while preserving the prerogatives and integrity of each, and supersedes any previously existing Agreement now operational between the Hospital and the University. The Parties agree as a basic principle of their relationship that they shall continue to exist and function as independent institutions.

Document from the collections of the AAMC Not to be reproduced without permission

TERMS OF THIS AGREEMENT

The Terms of this Agreement are embodied in the document entitled, "STATEMENT OF PRINCIPLES," dated May 12, 1977, and attached to this Agreement as Appendix I. The Agreement shall become effective on signing, and may be terminated upon one year's notice in writing by any one of the three Parties to the other two. It may be amended at any time by mutual agreement. Nothing in the Agreement is intended to be contrary to State or Federal laws and, in the event of conflict, the State and Federal laws supersede this Agreement insofar as a conflict exists. Parties of this Agreement acknowledge and understand that this Agreement is intended only to provide the penumbra under which further Agreements and protocols will be developed between the parties when establishing specific programs and activities.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement, and caused their seals to be affixed hereto, the day and year first above written.

(Seal)

ATTEST: CARLE FOUNDATION HOSPITAL

Karen Stenecook ______ 3/20/78 Date

(Seal)

ATTEST: CARLE CLINIC ASSOCIATION

Karen Stenecook ______ 3/20/78 Date

(Seal)

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

R. W. Brady 7/7/78
Comptroller Date

Earl W. Porter 7/7/78
Secretary Date

Document from the collections of the AAMC Not to be reproduced without permission

APPENDIX I

STATEMENT OF PRINCIPLES - MAY 12, 1977

PURPOSE:

This Statement is developed for the purpose of establishing a set of basic principles which the University of Illinois School of Clinical Medicine, the Carle Foundation, and the Carle Clinic Association can use to develop an affiliation for the clinical education of medical students in Champaign-Urbana, Illinois. The Carle Foundation and Carle Clinic have recognized their responsibility in the area of medical education and have committed themselves to full cooperation with the University of Illinois in providing a clinical setting for these educational experiences and in providing well trained physicians to serve as faculty.

It is fully recognized by all Parties that a full commitment must be made and that an equal and true partnership must exist in order to accomplish the purpose.

I. SCOPE OF STATEMENT

This Statement is not intended to be a document which will cover all aspects of the affiliations. Rather, it is intended to be a document upon which other working documents would be based and should serve to provide guidelines to those who develop the further amplifications. It is intended that this document receive consensus approval of all Parties involved prior to any further developmental efforts. Once this consensus is achieved, individual agreements can be prepared where legally necessary or for clarification of procedural purposes.

II. BASIC PRINCIPLES

A. Corporate Integrity. It is paramount to the success of this program that each individual participant (i.e., the University of Illinois, the Carle Foundation, and the Carle Clinic Association) retain its corporate integrity and

Document from the collections of the AAMC Not to be reproduced without permission

its right to pursue its fundamental purpose. At the same time, each component must be aware of the needs of the other participants and must bear in mind the common goal when making individual decisions.

B. Definition.

1. Educational Activities. For the purposes of this statement, "educational activities" are defined as those events which have as their primary purpose the expansion of the body of knowledge on behalf of an individual who is yet to become an unsupervised medical practitioner.

2. Practice Activities. For the purpose of this statement, "practice activities" are defined as those events which have as their primary purpose, the delivery of health services to a patient for the purpose of the individual betterment of that patient's well-being.

3. Continuing Education. For the purpose of this Statement, "continuing education" is defined as those activities which add to the body of knowledge of existing practitioners of medicine for the purpose of improving their ability to delivery health services.

C. Financial Responsibility. Each of the participants should be and should remain economically viable and self-sustaining. The University of Illinois must be expected to bear the financial burden of educational activities for which it is funded and should not be expected to be direct participants in practice activities. Educational activities which are not properly funded will not be carried out. The Carle Foundation must be held responsible for providing hospital services and for such continuing education and graduate education programs that lie within its capabilities. The Carle Clinic Association should not be expected to bear the burden of medical education but must support the individuals who practice medicine as part of the organization to an extent appropriate to their practice activities.

Document from the collections of the AAMC Not to be reproduced without permission

The failure of any one of the Parties to carry its share of the financial burden must not imply an assumption of that burden by either of the other Parties.

D. Definition of Lines of Authority and Responsibility. To provide medical education within the Carle Complex, the three institutions must develop a working relationship that is financially fair to each institution and that assigns responsibility to each institution for those activities for which it is primarily responsible. To meet this end, it seems appropriate that the Medical School appoint a faculty member of appropriate professorial rank to be Clinical Education Center (CEC) Director and who will be primarily responsible to the University. The Carle Foundation will appoint an individual qualified for appropriate professorial rank to be Director of Medical Education (DME) and who will be primarily responsible to the Foundation. The relationship of the CEC director to the DME will be made explicit in their job descriptions. Each of these physicians must, at all times, be acceptable to the University of Illinois School of Clinical Medicine at Urbana-Champaign, the Carle Foundation, and the Carle Clinic.

E. Joint Appointments. It is recognized that various individuals who participate in this joint effort will have a dual responsibility to the University of Illinois for their educational activities and to the Carle Foundation Hospital or the Carle Clinic Association for practice or continuing education activities. Each component must establish the level of compensation to be paid to an individual who holds joint appointment for that portion of his or her activities for which they are responsible. For example, the Carle Clinic Association will be partially responsible for compensating an individual who spends 60% of his time practicing and the University of Illinois will be responsible for his compensation received for the 40% of his time spent in educational activities. Each portion of such compensation will be determined in

Document from the collections of the AAMC Not to be reproduced without permission

accordance with the established methods of compensation adopted by the respective participants. For administrative purposes, it is desirable to have the primary employer (based on time) serve as the paymaster for the individual and to be appropriately reimbursed by the secondary employer. The perquisites and fringe benefits will normally be determined by the paymaster. Exceptions to this will be specified on an individual basis and must be acceptable to all Parties concerned. All income generated from practice activities of Associates will become income of the Carle Clinic Association in accordance with its Articles of Association. Income generated from extra practice activities of joint appointees will be income of the Carle Clinic Association provided the individual spends greater than 50% of his time in Carle Clinic practice. Personal income generated by those joint appointees who spend less than 50% of their time in Carle Clinic practice will be administered according to negotiations which will follow on a case-by-case basis.

F. Responsibility for Quality of Educational Program. It is incumbent on all participants to assume equal responsibility for maintaining the quality of the educational experience and program which is maintained. Although the University of Illinois will provide the leadership in organizing the program and is educationally responsible for the program, all Parties must maintain this concern for quality in order to maintain a higher caliber educational experience.

G. Recognition of Indirect Costs. It must be recognized by all concerned that calculation of costs must include the recognition of those indirect costs which go to support education, practice and continuing education. These indirect costs, insofar as possible, must be allocated along the same lines as direct costs and the appropriate party must be willing to assume responsibility for them.

Document from the collections of the AAMC Not to be reproduced without permission

III. COMPONENTS OF THE UNIVERSITY OF ILLINOIS SCHOOL OF CLINICAL MEDICINE - CARLE CLINICAL EDUCATION CENTER.

A. University of Illinois School of Clinical Medicine. (SCM-UC). The SCM-UC is an educational institution committed to a program of medical training at the undergraduate and graduate level. As such, it must be held ultimately responsible for the nature and quality of the educational programs and the financial responsibility thereof. The SCM-UC will be represented at the Hospital by a Clinical Education Center Director with appropriate assistance. This director, appointed by the University, will be the on-site faculty member who coordinates and delivers the educational experience being provided by this program. He will work with the Carle Foundation Hospital Director of Medical Education in organizing the clinical faculty. His office and any other space used primarily for School activities shall bear the conspicuous designation "Carle Foundation Hospital Clinical Education Center, University of Illinois College of Medicine, Schools of Basic Medical Sciences and Clinical Medicine" and the reasonable costs of the use of this space shall remain with the University. In the event that a portion of the time of the Clinical Education Center Director or any other University employee is spent in the practice of medicine, he will be subject to the policies of the Board of Governors of the Carle Clinic Association.

B. The Carle Foundation. The Carle Foundation is responsible for the operation of the Carle Foundation Hospital, a general, not-for-profit, acute care, inpatient institution.

The Foundation and the Hospital recognize their responsibility to provide continuing education to maintain the skills of the staff practitioners and to serve as an educational resource for practicing physicians in their service area. Further, the Carle Foundation has a responsibility for providing continuing educational experiences for allied professional and para-medical

Document from the collections of the AAMC Not to be reproduced without permission

personnel as part of its role in providing health care services. The Carle Foundation is financially responsible for the education of the Carle Foundation Hospital staff, for continuing educational programs of the Carle Foundation, and for the service portion of the expenses of residency programs. The Carle Foundation is represented in this program by its Chief Executive Officer and its Director of Medical Education. Medical Division Chairmen will be administratively responsible to the Director of Medical Education for those continuing educational activities for which the Carle Foundation assumes primary responsibility. Further, the Director of Medical Education will serve as the liaison between the Division Chairmen and the Clinical Education Center Director in the organization of faculty activities of the Carle Foundation Hospital Medical Staff.

The integrity and identity of the organized medical staff of the Carle Foundation Hospital must be recognized and maintained. It is through this organization that the medical practice within the hospital is governed and quality is assured. Physicians who are primarily faculty appointees will treat patients at Carle Foundation Hospital only as members of the Carle Foundation Hospital Medical Staff and shall be subject to their by-laws and rules and regulations.

The Carle Foundation Hospital shall be responsible for setting its charges at sufficient levels to insure its financial viability by covering the costs of care. Every effort shall be made to maintain these costs at reasonable levels and to assure that patients being cared for in the hospital will not be expected to bear the financial burden of educational activities nor to have the quality or dignity of their care compromised for educational purposes. The Carle Foundation must maintain ultimate control over the impact of the educational program upon its patients. In exercising this control, it must have the ability to limit the numbers of students, responsibilities of students and

Document from the collections of the AAMC Not to be reproduced without permission

faculty, and generally to have complete control over institutional activities of all types.

C. Carle Clinic Association. The Carle Clinic is a corporate-like organization composed of physician members (Associates) and employed physicians engaged in the private practice of medicine. The Carle Clinic Association will have total responsibility for the determination and collection of professional income from the service of its members and employees and will be totally responsible for the spectrum and quality of outpatient services that it provides. Nothing in this Statement shall compromise the identity of the Carle Clinic Association nor infringe upon its total responsibility in the determination of salaries and fringe benefits of its employees, both full and part-time, or its employment of physicians for purely service roles.

The Carle Clinic is responsible for providing an opportunity for clinical practice to the Clinical Education Center Director and other University faculty who may be assigned (by mutual agreement of all Parties concerned) to Carle Foundation Hospital and to the Director of Medical Education and is financially responsible for compensating these physicians for time spent in medical practice. Also, Carle Clinic physicians will serve as instructors for the various educational programs. Compensation by the Medical School and the Carle Foundation for time spent by these physicians in educational programs is negotiable.

Physician members of the Carle Clinic Association will have total personal discretion in whether or not to participate in the educational activities as part of the faculty and to what degree they wish to participate. This does not imply any obligation on the part of the SCM-UC to grant faculty appointments.

D. Patients. Implicit in the affiliated relationship is the belief that medical education contributes to the betterment of patient care. The value of

Document from the collections of the AAMC Not to be reproduced without permission

medical education in the care process will be explained to our patients as a part of general information. Additionally, it is expected that attending physicians will facilitate student participation in care by proper introductions. However, it is recognized that the attending physician and the hospital retain the right to withhold participation in the case of patients for whom such participation is contraindicated. Additionally, patients have the privilege and right to refuse to participate in the educational experience.

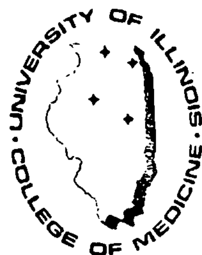
E. Students. The medical students have the responsibility to make the most of their educational experiences and to participate in the program strictly as learners. Other participants must do everything possible to avoid making demands upon the student activities that are not appropriate to their learning experiences.

Students should be provided a vehicle by which they can make known their evaluation of the quality of their education to all participants in the educational process. It should be recognized by all that the students are being trained to assume the responsibility of being medical practitioners and that ultimately the quality of care they are prepared to deliver will hinge to a large extent upon the quality of their education experience. They will be expected to abide by hospital, and where appropriate, medical staff rules and regulations, and every effort will be made to include them as members of the health care team operating within the institution.

F. Grievances. A liaison committee with rotating chairmanship between the CEC director and DME will function to recommend solutions to administrative problems which may arise from time to time between the parties. Composition will include but not be limited to the CEC director, DME, Carle Clinic Association Board of Governors designee, Carle Foundation Board of Trustees designee, and two persons who should be designated by the Medical School Dean.

Document from the collections of the AAMC Not to be reproduced without permission

JUL 24 1978



UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE
SCHOOL OF BASIC MEDICAL SCIENCES AT URBANA-CHAMPAIGN
MEDICAL SCIENCES BUILDING
URBANA, ILLINOIS 61801

(217) 333-9284 July 21, 1978

Mr. Charles Dawley, Administrator
Carle Foundation Hospital
611 West Park Street
Urbana, Illinois 61801

Jack Pollard, M.D.
Medical Director
Carle Clinic Association
602 West University Avenue
Urbana, Illinois 61801

Gentlemen:

Enclosed please find a copy of the approved affiliation agreement between Carle Foundation Hospital, Carle Clinic Association and The Board of Trustees of the University of Illinois. This affiliation agreement is to replace the earlier agreement dated April 7, 1971.

Sincerely,

Daniel K. Bloomfield ms

Daniel K. Bloomfield, M.D.
Dean

DKB:sr
Enclosure

cc: Terry Hatch, M.D.

Document from the collections of the AAMC Not to be reproduced without permission

AFFILIATION AGREEMENT BETWEEN CARLE FOUNDATION HOSPITAL, CARLE CLINIC ASSOCIATION, AND THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

PROLOGUE

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS (hereinafter referred to as University), through its College of Medicine, intends to develop selected existing clinical facilities in a supportive role for any or all components of the College of Medicine.

This Affiliation Agreement, while complete in itself, is designed to provide the basis for cooperative educational programs between an Affiliated Hospital, an Affiliated Medical Group, and the University's Schools of Basic Medical Sciences and Clinical Medicine at the Urbana-Champaign Campus of the University of Illinois. A hospital which will accept responsibility for the delivery of clinical curriculum in a relationship to the University to be described below will be designated as a "Clinical Education Center."

THIS AGREEMENT made this day of June 30 1978, between CARLE FOUNDATION HOSPITAL, a corporation duly organized under the laws of the State of Illinois, hereinafter called the "Hospital," CARLE CLINIC ASSOCIATION, an association duly organized under the laws of the State of Illinois, hereinafter called the "Association," THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS, a corporation duly organized under the laws of the State of Illinois, hereinafter called the "University," and within the University, the Schools of Basic Medical Sciences and Clinical Medicine, hereinafter called the "Schools," WITNESSETH:

WHEREAS, the Hospital is a general Hospital for the care and treatment of the sick;

WHEREAS, the Association is a medical group organized for the private practice of medicine;

WHEREAS, the University operates a School of Medicine for instruction in the care and treatment of the sick;

Document from the collections of the AAMC Not to be reproduced without permission

WHEREAS, the Hospital, the Association and the University have, over a period of years, had a long tradition of medical achievement and the common goal of improving the health of the citizens in their community and adding to the body of medical knowledge; and

WHEREAS, the Parties desire to extend further the scope of their cooperation.

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed between the Hospital, the Association, and the University, hereinafter sometimes called the "Parties," as follows:

OBJECTIVES

The University, the Hospital, and the Association acknowledge the following common objectives: to develop new health professional education programs; to pursue improvement in the quality and delivery of health care; to conduct research in the health and health-related fields, and to develop an effective response to the health care needs of the community. The Parties of this Agreement believe these goals may be achieved more effectively and efficiently through the combination of the resources of the Parties.

This Agreement is designed to provide the basis for fulfillment of the objectives of the Schools and their affiliated Clinical Education Centers while preserving the prerogatives and integrity of each, and supersedes any previously existing Agreement now operational between the Hospital and the University. The Parties agree as a basic principle of their relationship that they shall continue to exist and function as independent institutions.

Document from the collections of the AAMC Not to be reproduced without permission

TERMS OF THIS AGREEMENT

The Terms of this Agreement are embodied in the document entitled, "STATEMENT OF PRINCIPLES," dated May 12, 1977, and attached to this Agreement as Appendix I. The Agreement shall become effective on signing, and may be terminated upon one year's notice in writing by any one of the three Parties to the other two. It may be amended at any time by mutual agreement. Nothing in the Agreement is intended to be contrary to State or Federal laws and, in the event of conflict, the State and Federal laws supersede this Agreement insofar as a conflict exists. Parties of this Agreement acknowledge and understand that this Agreement is intended only to provide the penumbra under which further Agreements and protocols will be developed between the parties when establishing specific programs and activities.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement, and caused their seals to be affixed hereto, the day and year first above written.

(Seal)

ATTEST:

Karen Stenecook

CARLE FOUNDATION HOSPITAL

3/20/78
Date

(Seal)

ATTEST:

Karen Stenecook

CARLE CLINIC ASSOCIATION

3/20/78
Date

(Seal)

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

R. W. Brady
Comptroller

7/7/78
Date

Earl W. Porter
Secretary

7/7/78
Date

Document from the collections of the AAMC Not to be reproduced without permission

APPENDIX I

STATEMENT OF PRINCIPLES - MAY 12, 1977

PURPOSE:

This Statement is developed for the purpose of establishing a set of basic principles which the University of Illinois School of Clinical Medicine, the Carle Foundation, and the Carle Clinic Association can use to develop an affiliation for the clinical education of medical students in Champaign-Urbana, Illinois. The Carle Foundation and Carle Clinic have recognized their responsibility in the area of medical education and have committed themselves to full cooperation with the University of Illinois in providing a clinical setting for these educational experiences and in providing well trained physicians to serve as faculty.

It is fully recognized by all Parties that a full commitment must be made and that an equal and true partnership must exist in order to accomplish the purpose.

I. SCOPE OF STATEMENT

This Statement is not intended to be a document which will cover all aspects of the affiliations. Rather, it is intended to be a document upon which other working documents would be based and should serve to provide guidelines to those who develop the further amplifications. It is intended that this document receive consensus approval of all Parties involved prior to any further developmental efforts. Once this consensus is achieved, individual agreements can be prepared where legally necessary or for clarification of procedural purposes.

II. BASIC PRINCIPLES

A. Corporate Integrity. It is paramount to the success of this program that each individual participant (i.e., the University of Illinois, the Carle Foundation, and the Carle Clinic Association) retain its corporate integrity and

Document from the collections of the AAMC Not to be reproduced without permission

its right to pursue its fundamental purpose. At the same time, each component must be aware of the needs of the other participants and must bear in mind the common goal when making individual decisions.

B. Definition.

1. Educational Activities. For the purposes of this statement, "educational activities" are defined as those events which have as their primary purpose the expansion of the body of knowledge on behalf of an individual who is yet to become an unsupervised medical practitioner.

2. Practice Activities. For the purpose of this statement, "practice activities" are defined as those events which have as their primary purpose, the delivery of health services to a patient for the purpose of the individual betterment of that patient's well-being.

3. Continuing Education. For the purpose of this Statement, "continuing education" is defined as those activities which add to the body of knowledge of existing practitioners of medicine for the purpose of improving their ability to delivery health services.

C. Financial Responsibility. Each of the participants should be and should remain economically viable and self-sustaining. The University of Illinois must be expected to bear the financial burden of educational activities for which it is funded and should not be expected to be direct participants in practice activities. Educational activities which are not properly funded will not be carried out. The Carle Foundation must be held responsible for providing hospital services and for such continuing education and graduate education programs that lie within its capabilities. The Carle Clinic Association should not be expected to bear the burden of medical education but must support the individuals who practice medicine as part of the organization to an extent appropriate to their practice activities.

Document from the collections of the AAMC Not to be reproduced without permission

The failure of any one of the Parties to carry its share of the financial burden must not imply an assumption of that burden by either of the other Parties.

D. Definition of Lines of Authority and Responsibility. To provide medical education within the Carle Complex, the three institutions must develop a working relationship that is financially fair to each institution and that assigns responsibility to each institution for those activities for which it is primarily responsible. To meet this end, it seems appropriate that the Medical School appoint a faculty member of appropriate professorial rank to be Clinical Education Center (CEC) Director and who will be primarily responsible to the University. The Carle Foundation will appoint an individual qualified for appropriate professorial rank to be Director of Medical Education (DME) and who will be primarily responsible to the Foundation. The relationship of the CEC director to the DME will be made explicit in their job descriptions. Each of these physicians must, at all times, be acceptable to the University of Illinois School of Clinical Medicine at Urbana-Champaign, the Carle Foundation, and the Carle Clinic.

E. Joint Appointments. It is recognized that various individuals who participate in this joint effort will have a dual responsibility to the University of Illinois for their educational activities and to the Carle Foundation Hospital or the Carle Clinic Association for practice or continuing education activities. Each component must establish the level of compensation to be paid to an individual who holds joint appointment for that portion of his or her activities for which they are responsible. For example, the Carle Clinic Association will be partially responsible for compensating an individual who spends 60% of his time practicing and the University of Illinois will be responsible for his compensation received for the 40% of his time spent in educational activities. Each portion of such compensation will be determined in

Document from the collections of the AAMC Not to be reproduced without permission

accordance with the established methods of compensation adopted by the respective participants. For administrative purposes, it is desirable to have the primary employer (based on time) serve as the paymaster for the individual and to be appropriately reimbursed by the secondary employer. The perquisites and fringe benefits will normally be determined by the paymaster. Exceptions to this will be specified on an individual basis and must be acceptable to all Parties concerned. All income generated from practice activities of Associates will become income of the Carle Clinic Association in accordance with its Articles of Association. Income generated from extra practice activities of joint appointees will be income of the Carle Clinic Association provided the individual spends greater than 50% of his time in Carle Clinic practice. Personal income generated by those joint appointees who spend less than 50% of their time in Carle Clinic practice will be administered according to negotiations which will follow on a case-by-case basis.

F. Responsibility for Quality of Educational Program. It is incumbent on all participants to assume equal responsibility for maintaining the quality of the educational experience and program which is maintained. Although the University of Illinois will provide the leadership in organizing the program and is educationally responsible for the program, all Parties must maintain this concern for quality in order to maintain a higher caliber educational experience.

G. Recognition of Indirect Costs. It must be recognized by all concerned that calculation of costs must include the recognition of those indirect costs which go to support education, practice and continuing education. These indirect costs, insofar as possible, must be allocated along the same lines as direct costs and the appropriate party must be willing to assume responsibility for them.

Document from the collections of the AAMC Not to be reproduced without permission

III. COMPONENTS OF THE UNIVERSITY OF ILLINOIS SCHOOL OF CLINICAL MEDICINE - CARLE CLINICAL EDUCATION CENTER.

A. University of Illinois School of Clinical Medicine. (SCM-UC). The SCM-UC is an educational institution committed to a program of medical training at the undergraduate and graduate level. As such, it must be held ultimately responsible for the nature and quality of the educational programs and the financial responsibility thereof. The SCM-UC will be represented at the Hospital by a Clinical Education Center Director with appropriate assistance. This director, appointed by the University, will be the on-site faculty member who coordinates and delivers the educational experience being provided by this program. He will work with the Carle Foundation Hospital Director of Medical Education in organizing the clinical faculty. His office and any other space used primarily for School activities shall bear the conspicuous designation "Carle Foundation Hospital Clinical Education Center, University of Illinois College of Medicine, Schools of Basic Medical Sciences and Clinical Medicine" and the reasonable costs of the use of this space shall remain with the University. In the event that a portion of the time of the Clinical Education Center Director or any other University employee is spent in the practice of medicine, he will be subject to the policies of the Board of Governors of the Carle Clinic Association.

B. The Carle Foundation. The Carle Foundation is responsible for the operation of the Carle Foundation Hospital, a general, not-for-profit, acute care, inpatient institution.

The Foundation and the Hospital recognize their responsibility to provide continuing education to maintain the skills of the staff practitioners and to serve as an educational resource for practicing physicians in their service area. Further, the Carle Foundation has a responsibility for providing continuing educational experiences for allied professional and para-medical

Document from the collections of the AAMC Not to be reproduced without permission

personnel as part of its role in providing health care services. The Carle Foundation is financially responsible for the education of the Carle Foundation Hospital staff, for continuing educational programs of the Carle Foundation, and for the service portion of the expenses of residency programs. The Carle Foundation is represented in this program by its Chief Executive Officer and its Director of Medical Education. Medical Division Chairmen will be administratively responsible to the Director of Medical Education for those continuing educational activities for which the Carle Foundation assumes primary responsibility. Further, the Director of Medical Education will serve as the liaison between the Division Chairmen and the Clinical Education Center Director in the organization of faculty activities of the Carle Foundation Hospital Medical Staff.

The integrity and identity of the organized medical staff of the Carle Foundation Hospital must be recognized and maintained. It is through this organization that the medical practice within the hospital is governed and quality is assured. Physicians who are primarily faculty appointees will treat patients at Carle Foundation Hospital only as members of the Carle Foundation Hospital Medical Staff and shall be subject to their by-laws and rules and regulations.

The Carle Foundation Hospital shall be responsible for setting its charges at sufficient levels to insure its financial viability by covering the costs of care. Every effort shall be made to maintain these costs at reasonable levels and to assure that patients being cared for in the hospital will not be expected to bear the financial burden of educational activities nor to have the quality or dignity of their care compromised for educational purposes. The Carle Foundation must maintain ultimate control over the impact of the educational program upon its patients. In exercising this control, it must have the ability to limit the numbers of students, responsibilities of students and

Document from the collections of the AAMC Not to be reproduced without permission

faculty, and generally to have complete control over institutional activities of all types.

C. Carle Clinic Association. The Carle Clinic is a corporate-like organization composed of physician members (Associates) and employed physicians engaged in the private practice of medicine. The Carle Clinic Association will have total responsibility for the determination and collection of professional income from the service of its members and employees and will be totally responsible for the spectrum and quality of outpatient services that it provides. Nothing in this Statement shall compromise the identity of the Carle Clinic Association nor infringe upon its total responsibility in the determination of salaries and fringe benefits of its employees, both full and part-time, or its employment of physicians for purely service roles.

The Carle Clinic is responsible for providing an opportunity for clinical practice to the Clinical Education Center Director and other University faculty who may be assigned (by mutual agreement of all Parties concerned) to Carle Foundation Hospital and to the Director of Medical Education and is financially responsible for compensating these physicians for time spent in medical practice. Also, Carle Clinic physicians will serve as instructors for the various educational programs. Compensation by the Medical School and the Carle Foundation for time spent by these physicians in educational programs is negotiable.

Physician members of the Carle Clinic Association will have total personal discretion in whether or not to participate in the educational activities as part of the faculty and to what degree they wish to participate. This does not imply any obligation on the part of the SCM-UC to grant faculty appointments.

D. Patients. Implicit in the affiliated relationship is the belief that medical education contributes to the betterment of patient care. The value of

Document from the collections of the AAMC Not to be reproduced without permission

medical education in the care process will be explained to our patients as a part of general information. Additionally, it is expected that attending physicians will facilitate student participation in care by proper introductions. However, it is recognized that the attending physician and the hospital retain the right to withhold participation in the case of patients for whom such participation is contraindicated. Additionally, patients have the privilege and right to refuse to participate in the educational experience.

E. Students. The medical students have the responsibility to make the most of their educational experiences and to participate in the program strictly as learners. Other participants must do everything possible to avoid making demands upon the student activities that are not appropriate to their learning experiences.

Students should be provided a vehicle by which they can make known their evaluation of the quality of their education to all participants in the educational process. It should be recognized by all that the students are being trained to assume the responsibility of being medical practitioners and that ultimately the quality of care they are prepared to deliver will hinge to a large extent upon the quality of their education experience. They will be expected to abide by hospital, and where appropriate, medical staff rules and regulations, and every effort will be made to include them as members of the health care team operating within the institution.

F. Grievances. A liaison committee with rotating chairmanship between the CEC director and DME will function to recommend solutions to administrative problems which may arise from time to time between the parties. Composition will include but not be limited to the CEC director, DME, Carle Clinic Association Board of Governors designee, Carle Foundation Board of Trustees designee, and two persons who should be designated by the Medical School Dean.

Document from the collections of the AAMC Not to be reproduced without permission