

Dear Colleagues,

It is a pleasure for Dr. David Stern, vice chancellor for Clinical Affairs, and me to communicate the status and progress of the UTHSC clinical enterprise over the last year.

A question sometimes asked is: Why do we develop, maintain and grow our clinical enterprise?

There are multiple reasons:

1. It provides us with the classroom that has the depth and breadth of experiential, cutting-edge teaching that our trainees need to excel in their disciplines.
2. The clinical enterprise secures our relationship with our core teaching hospitals where the vast majority of our clinical training for most of our colleges occurs. Without a large clinical enterprise, our value to our core teaching hospital partners will be significantly diminished.
3. It guarantees that our clinical training is performed by our full-time faculty.
4. It pays greater than 90% of the compensation of the full-time clinical faculty.
5. It secures the location and patient base for us to have a significant clinical research enterprise.
6. It secures our status and value in the communities we serve.
7. Through our hospital partners and clinical programs, our clinical enterprise provides us with national recognition as evidenced by Le Bonheur Children's Hospital being cited by U.S. News & World Report among the top 23 children's hospitals in the country. The national rankings, over the last two years, for Methodist University Hospital and the UT Medical Center in Knoxville are more evidence of the impact of our clinical enterprise.
8. It provides our largest source of discretionary revenue for investment in our other missions. When mature, our goal is for our clinical enterprise to provide more than \$25 million in discretionary academic (education and research) support annually.

Our clinical enterprise is primarily operated through a series of UTHSC-governed 501(c)(3) not-for-profit corporations. Over the past five years, we have aggressively grown our clinical enterprise in order to develop a market share sufficient to make us indispensable and valuable to our core teaching hospital partners. We have had an almost threefold growth of our clinical practices revenue and operations. We have also pursued a policy of alignment with our partner teaching hospitals.

The first such alignment is the UT Le Bonheur Pediatric Specialists (ULPS), which has grown from 85 to 142 children's physicians (inclusive of new recruits and integration of physicians who serve the needs of children but are outside our Department of Pediatrics). ULPS is, in large

part, responsible for the high national ranking of our children's clinical programs and Le Bonheur Children's Hospital.

Recently, the UT Board of Trustees and the Methodist Health Care Board approved the creation of the UT-Methodist Physician's Practice Group (UTMP). This organization will serve as the practice group for our full-time faculty who practice in the Methodist system and serve as a vehicle to absorb into that practice many part-time faculty who are Methodist employed, as well as other independently practicing physicians. In this manner, we hope to advance the status of Methodist University Hospital to mirror, on the adult side, the substantial national reputation already successfully seen at Le Bonheur. Additionally, this agreement requires co-branding and co-naming of the Methodist University Hospital and the Le Bonheur Children's facilities with the University of Tennessee Health Science Center.

We are aggressively pursuing a similar alignment with our physicians who practice at the MED (UT-MED Associates or UTMA). Dr. Stern, Vice Chancellor Tony Ferrara and Executive Vice Chancellor Ken Brown, working with Dr. Coopwood and his team at the MED, hope to complete this alignment before the beginning of the coming academic year.

Our original practice group, the UT Medical Group (UTMG) will continue to serve not only as a managed services organization (MSO) for all our Memphis practices but will serve as a home for our non-hospital- aligned specialties (e.g., Ophthalmology, Plastics, etc).

In a stepwise fashion, we are pursuing similar alignments on all of our clinical campuses. These alignments are essential for securing the educational environment, advancing our national clinical reputation, and providing the discretionary revenue needed to advance our academic and research mission. However, as a wise person once said, "If you have seen one clinical campus, you have seen one clinical campus." The alignments we develop in Chattanooga, Nashville, and Knoxville will have their own distinct design and character, and will meet the needs of those clinical campuses.

In like manner, clinical faculty practices in dentistry, allied health, and nursing are being developed using similar guidelines. Whether these practices will exist within UTHSC or will become not-for-profit corporations awaits their growth and development.

All three missions -- Clinical Care, Education and Research -- must be outstanding to secure a position in the top quartile. These three missions are integral to our service to the state mission. We believe our clinical mission is entering the top quartile.

I want to thank the faculty and staff for everything you do and have done in the past three years. Your efforts are allowing UTHSC to move forward to reach our goal of becoming a top quartile Academic Health Science Center.

Steve J. Schwab, MD
Chancellor

